



## Automodular Corporation

### Notice of Annual Meeting of Shareholders

**NOTICE IS HEREBY GIVEN** that the Annual Meeting (the "**Meeting**") of the shareholders of Automodular Corporation (the "**Corporation**") will be held in the Ketchum/Osgoode Rooms of the Toronto Board of Trade Downtown Centre, 1 First Canadian Place, Toronto, Ontario on Thursday, May 5, 2016 at 11:00 a.m. (Toronto time) for the following purposes:

1. **To receive** and consider the audited consolidated financial statements of the Corporation for the years ended December 31, 2015 and December 31, 2014 together with the report of the auditors thereon;
2. **To re-appoint** auditors for the ensuing year and authorize the Directors to fix their remuneration and terms of engagement;
3. **To elect** Directors of the Corporation to serve for the ensuing year; and
4. **To transact** such other business as may properly be brought before the Meeting or any adjournments(s) thereof.

The Board of Directors of the Corporation has set a record date of Thursday, March 31, 2016 for the purpose of determining Shareholders entitled to receive notice of and to vote at the Meeting either in person or by proxy, in accordance with, and subject to, the provisions of applicable law.

#### **Registered Shareholders**

Shareholders are encouraged to attend the Meeting in person but whether or not you expect to attend, please complete, sign and return the enclosed proxy in the envelope provided for that purpose. To be effective, proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc., Registrar and Transfer Agent for the Corporation, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 Attn: Proxy Department, no later than 5:00 p.m. (Toronto time) on Tuesday, May 3, 2016. If you are able to attend the Meeting, sending your proxy will not prevent you from revoking it prior to the commencement of the Meeting and voting in person. Alternatively, registered Shareholders may vote using the telephone or Internet by following the instructions set out in the form of proxy and the accompanying Management Information Circular.

#### **Non-Registered Shareholders**

Beneficial owners should follow the instructions on the request for voting instructions provided by their intermediaries with respect to the procedures to be followed for voting.

For more information about Registered Shareholders and Non-Registered Shareholders, please see "*Part One: Voting Information*" in the accompanying Management Information Circular.

**DATED** at Pickering, Ontario this 5<sup>th</sup> day of April, 2016.

#### **BY ORDER OF THE BOARD OF DIRECTORS**

Christopher S. Nutt [signed]  
President, Chief Executive Officer and Chief Financial Officer





## ANNUAL MEETING OF SHAREHOLDERS

To be Held on Thursday, May 5, 2016

This Management Information Circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by or on behalf of management of Automodular Corporation (“Automodular” or the “Corporation”) for use at the Annual Meeting (the “Meeting”) of holders of common shares of the Corporation (the “Common Shares”) to be held in the Ketchum/Osgoode Rooms of the Toronto Board of Trade Downtown Centre, 1 First Canadian Place, Toronto, Ontario on Thursday, May 5, 2016 at 11:00 a.m., Toronto time, and for use at any adjournment of the Meeting.

### Meeting Materials

The Corporation has distributed or arranged for distribution of copies of this Information Circular, the accompanying notice of the Meeting (the “Notice”), a form of proxy and the Annual Report of the Corporation, which includes the consolidated financial statements of the Corporation for the years ended December 31, 2015 and December 31, 2014, the auditor’s report thereon and the annual Management Discussion and Analysis for 2015, (collectively, the “Meeting Materials”) to its registered and beneficial shareholders.

### Date of Information

The information in this Information Circular is given as of April 5, 2016 unless otherwise indicated. All financial information in this Information Circular is in Canadian dollars.

## PART ONE: VOTING INFORMATION

### **Q: Why did I receive the Meeting Materials?**

A: You received the Meeting Materials because the management of Automodular is soliciting proxies from you to be used at its annual meeting of shareholders. Automodular is required under corporate law to hold an annual meeting to table the audited consolidated financial statements, to appoint auditors and to elect directors. An annual meeting is also a special meeting if additional items of business are added to the agenda. It is also an opportunity for management to review the accomplishments of the past year, talk about what is coming up and hear directly from shareholders.

### **Q: Who is entitled to vote?**

A: Holders of Common Shares as at the close of business on March 31, 2016 are entitled to vote. March 31, 2016 is the record date (the “Record Date”) established for the purposes of determining registered shareholders entitled to receive notice of and to vote at the Meeting.

For a description of the procedures to be followed by Non-Registered Shareholders to direct the voting of Common Shares beneficially owned, please refer to the section entitled “Q & A on Voting by Non-Registered Shareholders” below.

### **Q: What is the number of eligible votes?**

A: As at the date hereof, the Corporation has 13,148,727 outstanding Common Shares. Each Common Share entitles the holder to one vote on all matters to come before the Meeting, or any adjournment thereof.

**Q: What am I voting on?**

A: Holders of Common Shares are voting on (i) the appointment of the external auditors and authorization of the Board to set their remuneration and (ii) the election of the Board of Directors of the Corporation (the “Board”).

**Q: How many votes are required to approve a matter on the agenda for the Meeting?**

In accordance with corporate law, shareholders may vote “for” or “withhold” from voting on the election of Directors and the appointment of auditors. Corporate law does not permit shareholders to vote against the election of Directors or the appointment of the auditors.

The number of Directors to be elected at the Meeting has been fixed by the Board at five (5). Management of the Corporation has proposed five nominees for election as Directors at the Meeting and these five proposed nominees are identified in this Information Circular. If other individuals are nominated by shareholders at the Meeting in accordance with the advance notice of nomination provisions of By-Law No. 2 of the Corporation, voting would be by written ballot and the five nominees with the greatest number of votes would be elected. (See “Part Two: *Business to be Transacted at the Meeting—Election of Directors*”).

**Q: How do I vote?**

A: If you are a registered shareholder as at the Record Date, you may vote your Common Shares at the Meeting in person or by proxy. You are a registered shareholder if your name appears on your share certificate or on your direct registration system (“DRS”) advice.

If you are a registered shareholder eligible to vote but will not be attending the Meeting in person, **you can authorize another person, called a proxyholder, who need not be a shareholder to attend the Meeting and vote on your behalf.**

If your shares are held in the name of an intermediary (a bank, trust company, securities dealer, broker, trustee or other custodian) (an “**Intermediary**”), please refer to the section entitled “*Q & A on Voting by Non-Registered Shareholders*” below.

**Q: What if I plan to attend the Meeting and vote in person?**

A: If you are a registered shareholder and plan to attend the Meeting on May 5, 2016 and wish to vote your shares in person at the Meeting, please register at the door with Automodular’s registrar and transfer agent, Computershare Investor Services Inc., upon arrival at the Meeting. Nevertheless, to ensure that your vote is taken and counted at the Meeting, please complete and return a proxy in accordance with the instructions under the section entitled “*Q & A on Proxy Voting*”. You should insert your own name as the proxyholder.

If your shares are held in the name of an Intermediary, please refer to the section entitled “*Q & A on Voting by Non-Registered Shareholders*”.

## Q & A on Proxy Voting

**Q: Who is soliciting my proxy?**

A: The enclosed form of proxy is being solicited by the management of the Corporation and the associated costs will be borne by the Corporation. The solicitation will be made primarily by mail but may also be made by telephone or in person.

**Q: What if I sign the form of proxy enclosed with this Information Circular?**

A: Signing and returning the enclosed form of proxy gives authority to the persons named in the proxy, who are Directors or Officers of the Corporation, to vote your Common Shares at the Meeting.

**Q: Can I appoint someone other than these Officers or Directors to vote my shares?**

A: **Yes. You have the right to appoint a person or company other than the Directors or Officers of Automodular named on the enclosed form of proxy to be your proxyholder. Write the name of this person (or company), who need not be a shareholder, in the blank space provided in the form of proxy.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of Computershare Investor Services Inc.

**Q: What do I do with my completed proxy?**

A: Return it to the Corporation's transfer agent, Computershare Investor Services Inc., in the envelope provided or by fax at 1-866-249-7775 by no later than 5:00 p.m. (Toronto time) on Tuesday, May 3, 2016 or by no later than 5:00 p.m. (Toronto time) on the second day (excluding Saturdays, Sundays and holidays) before the day of any adjourned meeting.

**Q: How will my shares be voted if I give my proxy?**

A: The persons named on the proxy must vote your shares "FOR", "AGAINST" or "WITHOLD" them from voting, as applicable, in accordance with your directions and on any ballot that may be called for, or you can let your proxyholder decide how to vote on your behalf.

In the absence of directions, if you appoint the persons designated in the enclosed form of proxy, your Common Shares will be voted at the Meeting in favour of the election of the nominees proposed in this Information Circular for election as Directors and in favour of the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation and the authorization of the Directors to set their remuneration.

**Q: What if amendments are made to these matters or if other matters are brought before the Meeting?**

A: **The persons named in the enclosed form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the accompanying Notice and with respect to other matters which may properly come before the Meeting.**

As of the date of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters

properly come before the meeting, the persons named in the enclosed form of proxy will vote on them in accordance with their best judgment.

**Q: Who counts the votes submitted?**

A: The Corporation's registrar and transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies.

**Q: If I change my mind, can I submit another proxy or revoke my proxy once I have given it?**

A: Yes. If you are a registered shareholder and wish to submit another proxy, you may deliver another properly executed form of proxy bearing a later date and depositing it as described above. The proxy bearing the later date will be used at the Meeting. If you wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered to the Corporate Secretary of Automodular or the principal office of Computershare at the addresses set forth below no later than 5:00 p.m. (Toronto time) on the last business day preceding the date of the Meeting, Wednesday, May 4, 2016, or any adjournment of the Meeting, or to the Chairman of the Meeting on the day of the Meeting, or the day of the adjourned meeting:

Diane Erlingher  
Corporate Secretary  
Automodular Corporation  
1099 Kingston Road, Suite 214  
Pickering, Ontario L1V 1B5  
Fax: (905) 420-0800

Computershare Investor Services Inc.  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1  
Attention: Proxy Department

You may revoke your proxy in any other manner permitted by law.

## **Q & A on Voting By Non-Registered Shareholders**

**Q: What is a Non-Registered Shareholder?**

A: You are a non-registered shareholder (a "**Non-Registered Shareholder**") if you beneficially own Common Shares that are not registered in your own name but are registered either:

- (a) in the name of an intermediary that the Non-Registered Shareholder deals with in respect of the shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (an "**Intermediary**"); or
- (b) in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

**Q: If I am a Non-Registered Shareholder, how do I vote my shares?**

A: Non-Registered Shareholders may vote either in person or by proxy if they follow the procedures described below. As required by Canadian securities legislation, if you have not waived your right to receive the Meeting Materials, you will have received from your Intermediary a voting instruction form for the number of Common Shares you beneficially own. Less frequently, you may have received a signed

form of proxy from your Intermediary. The purpose of these forms is to permit Non-Registered Shareholders to direct the voting of the shares they beneficially own.

More specifically, you should follow the procedures set out below, depending on which type of form you receive from your Intermediary.

- (a) **Voting Instruction Form.** In most cases, a Non-Registered Shareholder will receive, as part of the meeting materials, a voting instruction form.

**If Not Attending in Person:** If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the Internet, as described below.

**If Attending in Person:** As a result of recent amendments to applicable securities legislation, the process for a Non-Registered Shareholder to attend and vote at the Meeting in person has been simplified. A Non-Registered Shareholder is not required to complete a legal form of proxy. However, since Automodular has limited access to the names of its Non-Registered Shareholders, if you, as a Non-Registered Shareholder, wish to attend the Meeting, Automodular may have no record of your shareholdings or of your entitlement to vote unless your intermediary has appointed you as a proxyholder. Therefore, if you wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you should insert your name (or the name of the other person) in the space provided on the voting instruction form and sign and return the voting instruction form in accordance with the directions provided. Do not complete the voting instructions as you will be attending the Meeting in person. Please register with the registrar and transfer agent, Computershare Investor Services, Inc., upon arrival at the Meeting.

- (b) **Form of Proxy.** Less frequently, a Non-Registered Shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise incomplete. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Shareholder must complete the form of proxy and deposit it with Computershare Investor Services Inc. by no later than 5:00 p.m. (Toronto time) on Tuesday, May 3, 2016 or by no later than 5:00 p.m. (Toronto time) on the second day (excluding Saturdays, Sundays and holidays) before the date of any adjourned meeting, by mail, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 Attention: Proxy Department; by facsimile at 1-866-249-7775; or the Non-Registered Shareholder may vote by the Internet or by telephone as described above. If a Non-Registered Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Shareholder must strike out the names of the persons named in the proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided.

Non-Registered Shareholders should contact their Intermediaries promptly if they need assistance.

**Q: Can a Non-Registered Shareholder revoke a voting instruction form?**

**A:** A Non-Registered Shareholder may revoke a voting instruction form, or a waiver of the right to receive meeting materials and to vote previously given to an Intermediary, at any time by written notice to the

Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary well in advance of the Meeting.

**Q: What arrangements has the Corporation made to send and pay for the mailing of the Meeting Materials to Non-Objecting Beneficial Owners and Objecting Beneficial Owners (as such terms are defined in National Instrument 54-101 “Communication with Beneficial Owners of Securities of a Reporting Issuer”)?**

**A:** The Corporation or its transfer agent will send the Meeting Materials directly to Non-Objecting Beneficial Owners. The Corporation will arrange and will pay for the mailing of Meeting Materials to Objecting Beneficial Owners unless they have waived their right to receive the Meeting Materials.

### **Q & A on Voting By Internet or Telephone**

**Q: Can I vote by Internet?**

**A:** If you are a registered shareholder, go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions. You will need your control number (located on the form of proxy) to identify yourself to the system.

You must submit your vote by no later than 5:00 p.m. (Toronto time) on Tuesday May 3, 2016 or by no later than 5:00 p.m. (Toronto time) on the second day (excluding Saturdays, Sundays and holidays) before the day of any adjourned meeting. **If you vote by Internet, DO NOT mail back the proxy.**

**Q: Can I vote by telephone?**

**A:** If you are a registered shareholder, to vote using the telephone, call 1-866-732-VOTE (8683) from a touch-tone telephone. This is a toll-free call. To vote by telephone you will need to provide your control number (located on the form of proxy) to identify yourself to the system.

If you are a Non-Registered Shareholder, to vote using the telephone, call 1-866-732-VOTE (8683) from a touch-tone telephone. This is a toll-free call. To vote by telephone, you will need to provide your control number (located on the form of voting instruction form) to identify yourself to the system.

You must submit your vote by no later than 5:00 p.m. (Toronto time) on Tuesday, May 3, 2016 or by no later than 5:00 p.m. (Toronto time) on the second day (excluding Saturdays, Sundays and holidays) before the day of any adjourned meeting. **If you vote by telephone, DO NOT mail back the proxy.**

### **Q & A on Contact Information**

**Q: If I need to contact the transfer agent, how do I reach them?**

**A:** For general shareholder enquiries, you can contact the transfer agent by mail at:

Computershare Investor Services Inc.  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1  
Attention: National Customer Contact Centre



or by telephone: 1-800-564-6253  
or by fax: 1-888-453-0330  
or by email to: [service@computershare.com](mailto:service@computershare.com)  
website: [www.computershare.com](http://www.computershare.com)

## Q & A on Electronic Delivery

### Q. Can I get the Meeting Materials delivered electronically?

A. The Meeting Materials are being delivered in paper format to Registered Shareholders and Non-Registered Shareholders. They are also available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile. In view of recent amendments to applicable securities legislation, the Corporation may in the future choose electronic delivery of meeting materials and/or delivery of a full set of meeting materials only to those who request them.

## OUTSTANDING VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of the date of this Information Circular, 13,148,727 Common Shares are issued and outstanding.

The Corporation will prepare, or cause to be prepared, a list of shareholders ("the **Shareholder List**") entitled to receive notice of the Meeting not later than ten days after the record date fixed for the Meeting. The record date of the Meeting is Thursday, March 31, 2016. At the Meeting, the holders of Common Shares shown on the Shareholder List will be entitled to one vote per Common Share shown opposite their names on the Shareholder List. Unless otherwise required by law, every question coming before the Meeting shall be determined by a majority of votes duly cast on the matter.

To the knowledge of the Directors and Officers of the Corporation, there is no beneficial owner of, nor any person who exercises control or direction over, more than 10% of the outstanding Common Shares in the capital of the Corporation, other than as set out herein:

Name	Number of Voting Securities <sup>(1)</sup>	Type of Ownership or Control <sup>(2)</sup>	Percentage of Outstanding Common Shares
Polar Securities Inc. (" <b>Polar</b> ")	3,856,200 Common shares	Control or Direction	29.3%

(1) Number of voting securities listed above is as of the date hereof.

(2) Polar Securities Inc., on behalf of client accounts over which it has discretionary trading authority, has control or direction over 3,856,200 Common Shares, purchased for investment purposes.

## PART TWO: BUSINESS TO BE TRANSACTED AT THE MEETING

### 1. Financial Statements:

The audited consolidated financial statements of the Corporation for the years ended December 31, 2015 and December 31, 2014, together with the report of the auditors thereon, as contained in the Annual Report to Shareholders which accompanies this Information Circular and which are available under the Corporation's company profile on SEDAR at [www.sedar.com](http://www.sedar.com) will be presented to the shareholders at the Meeting for their consideration.

### 2. Appointment of Auditors:

Shareholders will be requested to re-appoint PricewaterhouseCoopers LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the Board of Directors to fix their

remuneration and terms of engagement. PricewaterhouseCoopers LLP was first appointed auditors of the Corporation in 2006.

**The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the appointment of PricewaterhouseCoopers LLP as auditors until the next annual meeting of shareholders or until their successor is appointed and for the authorization of the Board of Directors to fix their remuneration and terms of engagement, unless the shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the appointment of the auditors of the Corporation.**

### 3. Election of Directors:

The Articles of the Corporation provide that the Board of Directors of the Corporation is to consist of a minimum of five (5) and a maximum of fifteen (15) directors and, pursuant to a shareholders' resolution dated June 26, 1984, the shareholders granted the Directors the discretion to determine, by resolution of the Directors, the actual number of directors to be elected at a meeting of shareholders. In conjunction with Automodular's efforts to rationalize costs, the Board of Directors has fixed the number of directors to be elected at the Meeting at five (5). The term of office of each Director of the Corporation will expire immediately prior to the election of directors at the Meeting unless, before such time, the Director ceases to hold office in accordance with the *Business Corporations Act* (Ontario) or the by-laws of the Corporation. Directors elected at the Meeting will hold office until the next annual meeting of shareholders of the Corporation, unless, before such time, the Director ceases to hold office in accordance with the *Business Corporations Act* (Ontario) or the by-laws of the Corporation.

A Board should be composed of directors who collectively have the skills, knowledge and experience to provide effective governance and direction to management. It is important to note that each individual director is not expected to have each of these skills but these skills should be held collectively by the Board as a whole. The following table provides information about each nominated Director and includes their background and experience and main areas of expertise. **The persons named in the form of proxy accompanying this Information Circular intend to vote FOR the election of the nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of Directors of the Corporation.** Management does not contemplate that any of such nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, or any adjournment thereof, the persons named in the enclosed form of proxy have the right to vote for the election of the remaining nominees and may vote for another substitute nominee as management may recommend, unless the shareholder has specified that the Common Shares represented by such proxy be withheld from voting in the election of directors. The nominees listed below will be elected at the Meeting unless other individuals are nominated for election as directors by shareholders at the Meeting in accordance with the advance notice of nomination provisions of By-Law No. 2 of the Corporation, in which case voting will be by ballot and the five (5) nominees with the most votes will be elected as directors.

Nominee	Description
Rodney Hill, CPA, CA Age: 48 Toronto, Ontario Director since 2013 Independent since 2015 Securities held: Nil Main areas of expertise: Business Management, Finance, Accounting.	Rodney Hill is currently Chief Risk Officer, Ontario Municipal Employees Retirement System ("OMERS") where he is responsible for overseeing the risk function together with the internal audit and compliance activities across the \$77 billion pension plan, reporting to the CEO. From 2001 to 2011, he was a Partner with PricewaterhouseCoopers LLP and during his time there, worked in a wide range of industries focusing on public reporting entities and private equity. After graduating from the University of Kent at Canterbury in 1989 with an Honours degree in Accounting with Computing, Mr. Hill became an Associate of the Institute of Chartered Accounts in England and Wales prior to transferring to Toronto in 1992. He attained his Chartered Accountant's (CA) designation in 2001.
Parsa Kiai Age: 34 New York, NY	Parsa Kiai founded Steamboat Capital Partners LLC in 2012 after spending four years as a Partner at Sonterra Capital. Prior to Sonterra, Mr. Kiai was an Analyst at Perry Capital responsible for coverage of the energy sector. Prior to joining Perry Capital in 2005, Mr. Kiai

<p>Independent Director since 2013  Securities held: 612,700 Common Shares  Main areas of expertise:  Public and Private Investments, Capital Allocation, Finance, Accounting.</p>	<p>was an Analyst in the Investment Banking Division at Goldman, Sachs &amp; Co. Mr. Kiai graduated with Honours from Cornell University with a degree in Applied Economics and Management.</p>
<p>R. Peter McLaughlin, LL.B  Age: 64  Cobourg, Ontario  Independent Director since 2000  Chairman of the Audit Committee  Securities held: Nil  Main areas of expertise:  Legal, Finance, Accounting, Mergers and Acquisitions, Corporate Governance.</p>	<p>Peter McLaughlin, Chairman of the Audit Committee, is Chairman of Greenbriar Holdings Limited, a private family holding company. Prior to this appointment, he served as its President. Mr. McLaughlin was formerly a partner with Baker &amp; McKenzie, LLP, involved primarily in the fields of corporate, commercial and securities law as well as mergers and acquisitions and holds a B.A. and the LL.B. designation from Queen's University at Kingston. He is currently a Trustee and Chairman of the Board of Trustees of Dominion Citrus Income Fund.</p>
<p>Christopher Nutt, CPA, CA, CPA (Illinois), C.Dir  Age: 46  Whitby, Ontario  Director since 2012  Not Independent  Securities held: 301,854 Common Shares  Main areas of expertise:  Strategy, Finance, Accounting, Business Management, Mergers and Acquisitions, Corporate Governance.</p>	<p>Chris Nutt, President, CEO and CFO of Automodular Corporation, was elected to the Board in 2012 and is a non-independent director. Prior to his appointment as President and then CEO, Mr. Nutt was Vice-President, Finance and CFO of the Corporation from 2003 until 2011. He joined the accounting firm Smith, Nixon &amp; Co. LLP (now Collins Barrow Toronto LLP) as a co-op student in 1989 and was appointed Partner in 2002. He holds a Bachelor of Accounting from Brock University and attained his Chartered Accountant (CA) designation in 1994 and subsequently attained his US CPA designation. Mr. Nutt also holds a Chartered Director designation from The Directors College.</p>
<p>Rae Wallin  Age:74  Maitland, Ontario  Independent Director since 1998  Member of the Audit Committee  Securities held: 7,833 Common Shares  Main areas of expertise:  Strategy, Sales and Marketing, Mergers and Acquisitions, Business Management, Accounting.</p>	<p>Rae Wallin is Chairman of the Board of Directors and has been a director since 1998. He is a member of the Audit Committee. Following an extensive career with GE in financial management and strategic planning, Mr. Wallin was Vice-President, Finance and then President of Black &amp; Decker Canada. Until his retirement in 2009, Mr. Wallin was President and CEO of N'Viro Systems Canada Inc., a bio-solids management company.</p>

Securities "held" in the table above include any securities that are beneficially owned, controlled or directed, directly or indirectly, by current or proposed directors.

### Majority Voting Policy

The Board of Directors has adopted a Majority Voting Policy (the "**Policy**"). This Policy provides that a nominee as a director, who receives a greater number of votes "withheld" than votes "for", with respect to the election of directors by shareholders, will be expected to offer to tender his resignation to the Chairman of the Board following the meeting of shareholders at which the director is elected. The Chairman of the Board will consider such offer of resignation and the Board, in the absence of a Corporate Governance and Nominating Committee, will make a decision whether to accept the resignation or not. Following such discussions, the Board of Directors will announce its decision in a press release within 90 days following the meeting of shareholders. The director who offered to tender his resignation will not take part in any deliberations pertaining to his resignation offer. This Policy applies only where the number of director nominees is the same as the number of directors to be elected to the Board. See Part Four "*Corporate Governance and Other Information*" for additional information.

### Record of Attendance at Board and Committee Meetings

The following table indicates the attendance record at Board and Committee Meetings of the current Directors who are standing for re-election for the year ended December 31, 2015.

Director	Board of Directors' Meetings	Audit Committee
Rodney Hill	8 of 8	4 of 4
Parsa Kiai	8 of 8	4 of 4
R. Peter McLaughlin	8 of 8	4 of 4
Christopher Nutt <sup>(1)</sup>	8 of 8	4 of 4
Rae Wallin	8 of 8	4 of 4

(1) Mr. Nutt, the Corporation's President, CEO and CFO, was invited to attend all meetings of the Audit Committee in 2015 but is not a member of the Committee .

### **Proposed Directors: Information Relating to Bankruptcies, Cease Trade Orders and Sanctions**

To the knowledge of the Corporation, no proposed director is, at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no proposed director is, as at the date of this Information Circular, or has been within ten years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

R. Peter McLaughlin, a Director of the Corporation is and has been a director of Alliance Surface Finishing Inc. ("**Alliance**") since 2004 and was a director of its 70% subsidiary, ASF Ontario Production Inc. ("**ASF**") from 2004 until 2007. On December 12, 2006, both Alliance and ASF filed a Notice of Intention to make a Proposal to Creditors under the provisions of the Bankruptcy Act, Canada. Both companies filed their respective Proposals to Creditors on June 11, 2007, had the Proposals approved by the Creditors on June 28, 2007 and received Court approval for same on July 30, 2007. ASF put itself into receivership on December 4, 2007 and had a Trustee in Bankruptcy appointed on December 7, 2007.

To the knowledge of the Corporation, no proposed director and no personal holding company of a proposed director, has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or the personal holding company of a proposed director.

To the knowledge of the Corporation, no proposed director and no personal holding company of a director (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) since December 31, 2000, has entered into a settlement agreement with a securities regulatory authority or, before January 1, 2001, entered into a settlement agreement with a securities regulatory authority which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director; or (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## PART THREE: COMPENSATION DISCLOSURE AND RELATED MATTERS

Part Three explains, among other things, the material elements of the Corporation's compensation arrangements for its Named Executive Officers (as defined below) and for its Board of Directors for the financial year ended December 31, 2015 as well as the decision-making process relating to compensation, all as required under Form 51-102F6 of National Instrument 51-102 "Continuous Disclosure Obligations". Part Three also sets out the "Statement of Executive Compensation" with its related tables and narrative disclosures. The stated objective of Form 51-102F6 is to provide insight into executive compensation as a key aspect of the overall stewardship and governance of a corporation and to help investors understand how decisions about executive compensation are made.

### SUMMARY OF EXECUTIVE COMPENSATION (Form 51-102F6)

#### General Provisions

The "Summary Compensation Table" details all of the compensation paid, made payable, awarded, granted, given or otherwise provided by Automodular, directly or indirectly, to the Chief Executive Officer, the Chief Financial Officer and the other individuals (to a maximum of three) who were the most highly compensated executive officers of the Corporation and its subsidiaries and whose total compensation from the Corporation and its subsidiaries exceeded \$150,000 for the relevant fiscal year (collectively, with the Chief Executive Officer and the Chief Financial Officer, the "named executive officers" or the "NEOs" of the Corporation) for Automodular's three most recently completed financial years. Compensation disclosure for years prior to 2012 can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) in the Corporation's Management Information Circular for those years. Total compensation encompasses, as applicable, base salary, the dollar amount of option and share-based awards, non-equity incentive plan compensation which would include discretionary and non-discretionary bonuses, pension value with compensatory amounts for both defined and non-defined contribution retirement plans, and in column (h) of the table all other compensation which could include perquisites, tax gross-ups, premiums for certain insurance policies, contributions to registered retirement savings plans, payments resulting from termination, resignation, retirement or a change in control and all other amounts not reported in another column.

### Summary Compensation Table (Year Ended December 31, 2015)

Name and principal position (a)	Year (b)	Salary (c)	Share-based awards (d)	Option-based awards (e)	Non-equity incentive plan compensation (f)		Pension value (g)	All other compensation (h)	Total compensation (i)
					Annual incentive plans <sup>(4)</sup> (f1)	Long-term incentive plans (f2)			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Christopher Nutt President, CEO & CFO	2015	311,789	0	0	275,000	N/A	N/A	77,930 <sup>(1)(2)</sup>	664,719
	2014	301,983	0	0	150,000	N/A	N/A	63,860 <sup>(1)(2)</sup>	515,843
	2013	301,448	87,350 <sup>(3)</sup>	0	150,000	N/A	N/A	66,810 <sup>(1)(2)</sup>	605,608
Melinda Diebel V.P. Finance & CFO	2015*	111,816 <sup>(5)</sup>	N/A	0	90,000	N/A	N/A	378,295 <sup>(2)(6)</sup>	580,111
	2014	201,408	N/A	0	80,000	N/A	N/A	27,756 <sup>(2)</sup>	309,164
	2013	177,000	N/A	0	70,833	N/A	N/A	83,820 <sup>(2)</sup>	331,653
James Gazo V.P. Operations	2015*	67,130 <sup>(5)</sup>	0	0	70,000	N/A	N/A	526,082 <sup>(2)(6)</sup>	663,212
	2014	226,552	0	0	90,000	N/A	N/A	24,270 <sup>(2)</sup>	340,822
	2013	226,148	87,350 <sup>(3)</sup>	0	90,000	N/A	N/A	23,820 <sup>(2)</sup>	427,318

<b>Christopher Dell</b> V.P. Business Development	2015	207,943	0	0	90,000	N/A	N/A	24,930 <sup>(2)</sup>	322,873
	2014	201,408	0	0	80,000	N/A	N/A	24,270 <sup>(2)</sup>	305,678
	2013	201,048	87,350 <sup>(3)</sup>	0	80,000	N/A	N/A	23,820 <sup>(2)</sup>	392,218
<b>Travis Doyle</b> V.P. Program Launches	2015*	60,111 <sup>(5)</sup>	0	0	60,000	N/A	N/A	476,600 <sup>(2)(6)</sup>	596,711
	2014	201,408	0	0	80,000	N/A	N/A	24,270 <sup>(2)</sup>	305,678
	2013	201,048	87,350 <sup>(3)</sup>	0	80,000	N/A	N/A	23,820 <sup>(2)</sup>	392,218

\* Ms. Diebel's full-time employment ended on June 30, 2015. Full-time employment for Messrs. Gazo and Doyle ended on March 31, 2015. Following these respective dates, the Corporation entered into consulting agreements with each of them. Consulting agreements for Messrs. Gazo and Doyle are scheduled to expire June 30, 2016; Ms. Diebel's consulting agreement is scheduled to expire December 31, 2016.

- (1) The balance of Mr. Nutt's total compensation for 2015, shown in column (h) comprises: \$30,000 in directors' fees, \$24,930 RRSP contribution from the Corporation to Mr. Nutt's personal RRSP account as well as an annual club membership and a car allowance.
- (2) The Corporation makes an annual contribution to the individual Registered Retirement Savings Plan of each NEO of an amount equal to the maximum RRSP contribution permitted under the provisions of the *Income Tax Act, (Canada)* for the year. This amount was \$24,930 in 2015, \$24,270 in 2014 and \$23,820 in 2013. Ms. Diebel also received an award of \$60,000 during 2013 to purchase shares of the Company as she was not a registered participant of the Performance Share Unit Plan.
- (3) Amounts shown in column (d) for 2013 represent the value of Performance Share Units granted under the Performance Share Unit Plan that qualified in 2013. Ms. Diebel was not a designated participant of the Performance Share Unit Plan. The Performance Share Unit Plan was wound up in 2014. See the Management Information Circular of the Corporation for the year ended 2014 for a description of the Performance Share Unit Plan.
- (4) Amounts shown in column (f1) represent the amounts of the annual performance-based bonuses awarded to each NEO in respect of the applicable year. Amounts are shown in the year earned not the year paid out. Mr. Nutt was awarded an additional \$100,000 payable only if he remains with the Corporation until the GM Litigation (as defined below) is resolved. Mr. Dell was awarded an additional \$50,000 payable only if he remains with the Corporation until the GM Litigation is resolved.
- (5) 2015 regular salary of \$111,816 shown for Ms. Diebel is for the period January to June 2015; regular salary for Messrs. Gazo and Doyle of \$67,130 and \$60,111 respectively is for the period January to March 2015.
- (6) For 2015, all other compensation includes severance payments paid out upon termination of employment of Ms. Diebel, Mr. Gazo and Mr. Doyle, as well as consulting fees earned by each of them in the balance of the year. Ms. Diebel was paid \$300,000 in severance payments and \$53,365 in consulting fees; Mr. Gazo was paid \$450,000 in severance payments and \$51,152 in consulting fees; Mr. Doyle was paid \$400,000 in severance payments and \$51,670 in consulting fees.

### **Compensation Discussion and Analysis**

The Board has elected not to appoint a Compensation Committee. All matters relating specifically to senior executive compensation are reviewed and approved by the full Board. The following report has been submitted with the unanimous approval of the Board of Directors.

## **REPORT ON EXECUTIVE COMPENSATION**

### **Policies and Practices**

As disclosed in the Corporation's Annual Information Form for the year 2014 and as discussed in Management's Discussion and Analyses of the Corporation prepared for the year 2014 and for the interim fiscal quarterly periods of 2015, the Corporation ceased active operations at the end of 2014. Until the end of 2014, the Corporation's overall policy regarding compensation of the Corporation's executive officers was structured to provide competitive salary levels and short-term and long-term compensation incentives that supported both the short-term and long-term goals of the Corporation, attracted and retained suitable and qualified executive management and established a compensation framework which was industry-competitive. The Corporation's policy was to recognize and reward individual performance as well as to place executive compensation within the middle range of compensation levels in the industry in which it operated, taking into account the size and scope of operations. This policy was modified in 2015 to more appropriately reflect current circumstances.

Going forward, one of the primary objectives of the Corporation is to resolve the legal claim which the Corporation has against General Motors Corporation and General Motors of Canada Ltd. (the "**GM Litigation**"). In order to achieve this, it is likely that only two NEOs will remain with the Corporation. At the present time, unless circumstances change, it is not anticipated that base salaries for the continuing NEOs will increase prior to the resolution of the GM Litigation. The Board considers that current compensation levels are fair. Bonuses will be

fully discretionary. Performance metrics are not relevant. In order to encourage retention, in 2015, the Board awarded a conditional cash bonus to each of the two continuing NEOs which will become payable to each of them only if they remain with the Corporation until the GM Litigation is resolved.

The Chief Executive Officer continues to make recommendations to the Board with respect to the compensation of the Corporation's executive officers. The CEO sets performance objectives and outlines progress in meeting corporate objectives. The Board gives final approval on compensation matters.

### **Comparison Group**

In the past, the Corporation identified a comparison group of companies (the "**Comparison Group**") in the manufacturing industry with sales and market capitalization comparable to those of the Corporation.

The Board reviewed the positioning of the compensation of the Corporation's executive officers within the Comparison Group as needed to ensure that it remained appropriate, particularly in view of the evolution of the group's compensation practices and the market in general and the Corporation's relative financial results. In the current circumstances, the Board does not believe that a relevant Comparison Group can be identified.

### **External Consultants**

The Board of Directors may, at its discretion, engage external compensation advisors as it sees fit. The Board did not retain the services of any external advisors in the financial year ended December 31, 2015. Automodular also periodically performed market compensation reviews from information received from its benefits consultant. The last review was performed in 2011 and compared Automodular's compensation levels with a benchmark database. The comparator group in the 2011 review was manufacturing companies with annual revenues less than \$600 million. This review covered all salaried positions within the Corporation.

The Corporation has not increased base executive compensation levels since 2011 other than the transition over time of the former CFO's base salary to market levels following her appointment to the role in the fall of 2011.

### **Risk Oversight**

Each year the Board reviews and approves the Corporation's compensation policies and practices, taking into consideration the risks associated therewith. The Corporation has not identified any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

### **Hedging by NEOs and Directors**

The Corporation has not adopted a policy forbidding NEOs and Directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Common Shares of the Corporation granted as compensation or held, directly or indirectly, by the NEO or Director. However, the Corporation is not aware of any NEO or Director having entered into this type of transaction.

### **Key Compensation Components**

The components of Automodular's total compensation for its executive officers were or are:

#### **1. A competitive base salary.**

Historically, base salaries of executive officers were determined based upon performance as well as the individual's experience level and the scope and complexity of the position held. Base salaries were intended to attract and retain executives and senior management required for the success of the Corporation; to motivate performance; to provide fair and competitive compensation; and to reward individual performance and contribution to the achievement of the Corporation's objectives. Base salaries were reviewed annually and were validated against comparable positions in companies of similar size and industry and growth strategy. Information

was drawn from a variety of sources, including proxy statements of competitive companies and of companies of other industries of comparable size and complexity as well as surveys conducted by compensation consultants.

A competitive base salary remains a material component for the continuing NEOs. As noted above, current base salaries of the continuing NEOs are not anticipated to increase pending resolution of the GM Litigation, barring changes in the circumstances of the Corporation.

**2. Short-term incentives in the form of a variable annual bonus plan based on the responsibilities of the officer and the achievement of objectives.**

The executive officers participate in an annual bonus plan. Historically, the purpose of this plan was to provide these key employees with an incentive to increase the growth and profitability of the Corporation and to offer a cash reward based on the achievement of performance objectives derived from the Corporation's strategic plan, as reflected in the annual operating budget. Annual targeted bonus entitlements were 40% of base salaries except for the CEO whose bonus entitlement was 50% of his base salary. Actual awards were contingent upon the achievement of the performance objectives of the Corporation and the executive's contribution to the achievement of those performance objectives. Performance objectives and bonus metrics were generally linked to meeting or exceeding budgeted earnings and other factors as determined by the CEO. In the event the Corporation's performance objectives were not met, generally no cash bonuses were awarded, although the Board retained the discretion to award bonuses absent 100% satisfaction of the performance objectives.

In 2015, bonuses were not linked to formal metrics. See "*2015 Compensation Decisions*" below. Annual bonuses will continue to be a material component of the continuing NEOs' compensation but will not be linked to growth and profitability of the Corporation. Rather they will be tied to progress of the GM Litigation, diversification initiatives and management of the Corporation's affairs.

**3. Long-term incentive plans:**

**(i) A Performance Share Unit Plan for designated participants of Automodular and its subsidiaries.**

Automodular adopted a Performance Share Unit Plan in 2007 which was wound up in 2014, primarily due to changes in tax legislation. Pursuant to this plan, Automodular contributed funds to a trustee from time to time for the purchase of shares of Automodular in secondary markets. The plan stipulated that if corporate performance targets specified annually were met, designated senior executives became entitled to receive Automodular shares held in trust, subject to the vesting requirements under the plan. All awarded performance share units were qualified and vested and the underlying shares distributed to the designated participants in the Performance Share Unit Plan prior to 2014. A full description of the Performance Share Unit Plan can be found under "*Long Term Incentive Plans*" in the Management Information Circular prepared for the annual meeting of the Corporation held in 2015.

**(ii) A Stock Option Plan**

The Corporation adopted a stock option plan (see full description under "*Long-Term Incentive Plans*" later in this Part Three) in May 1997 which was also intended to achieve a commonality of interest between shareholders and the NEOs and to motivate the NEOs to maximize total return on shareholder equity over the long term. Until changes in tax legislation as noted above, the Board of Directors preferred to grant performance share units instead of options to the NEOs as it was their view that the granting of performance share units better aligned management's interests with those of the Corporation's shareholders and did not dilute the holdings of shareholders of the Corporation. No options were granted in respect of the year 2015. As of the date of this Information Circular, all options previously awarded have expired.

Long-term incentive plans are no longer a component of the compensation structure of the Corporation.



#### 4. Retirement Plan and RRSP Contributions.

The NEOs do not participate in any defined benefit, actuarial pension plan or any other post-retirement supplementary compensation plans. The Corporation pays into each NEO's personal registered retirement savings plan an amount equal to the maximum annual contribution which such NEO is entitled to make under the *Income Tax Act (Canada)* for the year.

#### 5. A traditional benefits package providing the NEO with protection in the event of death, long-term or short-term disability, as well as a medical and dental plan.

#### 6. Perquisites.

The CEO benefits from the use of an automobile allowance and the payment of a club membership. In aggregate, the cost to the Corporation is less than 5% of the CEO's base salary for the year ended December 31, 2015. The Board believes that these benefits are reasonable and consistent with competitive market practices.

#### Chief Executive Officer Compensation Policy

The components of the Chief Executive Officer's compensation are the same as for the other NEOs, except for the payment of Director's fees. The Board of Directors considers the compensation package of the Chief Executive Officer to be competitive with companies of a similar size and to be reasonable in the circumstances.

For 2015, no formal bonus metrics were assigned to the Chief Executive Officer. Given the Company's circumstances, the Board of Directors determined that it was more appropriate for any bonus to be paid on a fully discretionary basis. Areas of focus reviewed with the Chief Executive Officer for the 2015 year included facilitating a smooth wind down of the Ford Canada contract in Oakville with minimal disruption to our customer, rationalizing the Company's corporate footprint and cost structure, moving the GM Litigation forward, continuing diversification initiatives and providing overall leadership to the remaining management team in very difficult circumstances. Base salary for the purposes of the bonus calculation was \$300,000 per annum as per the CEO's employment agreement dated August 10, 2011 and amended June 10, 2014.

In January 2016, the Board (excluding the Chief Executive Officer) reviewed the areas of focus noted above and awarded the current CEO a discretionary bonus payout of \$275,000. \$100,000 of the amount is payable provided that the Chief Executive Officer remains with Automodular until such time as the GM Litigation is fully resolved.

The relative weightings of the various components of the 2015 compensation for the Chief Executive Officer are set forth in the following table:

Compensation Component	Percentage of Total Compensation
Base salary	47%
Bonus plan	41%
LTIP	0%
Director's fees	5%
All other compensation	7%
Total	100%

#### 2015 Compensation Decisions

Amendments were made to NEO employment contracts in 2015. More detail is provided in the "Employment Contracts, Termination and Change of Control Benefits" section below. Discretionary bonuses were awarded to the NEOs in March 2015 in respect of contributions during the wind down of the Oakville operations. Annual performance bonuses were awarded in full in 2016 to both of the current NEOs

in respect of the year 2015. Of the bonuses awarded, \$100,000 and \$50,000 respectively will be paid only in the event that the subject NEO remains with Automodular until such time as the GM Litigation is fully resolved.

Respectfully submitted,

Rodney G. Hill  
 Parsa Kiai  
 R. Peter McLaughlin

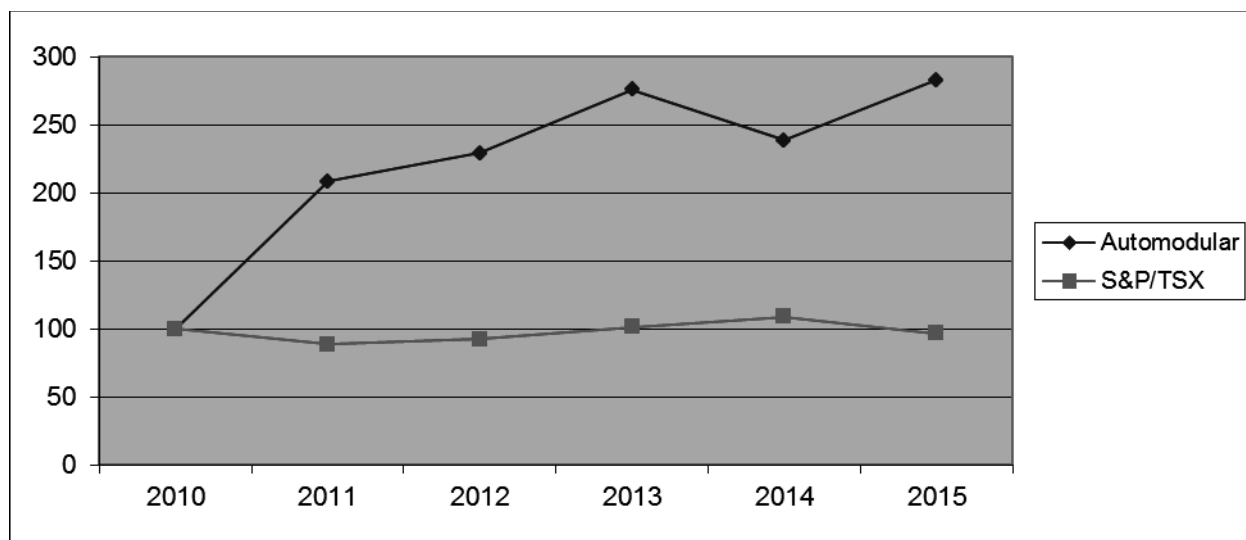
Christopher S. Nutt  
 Rae E. Wallin

**Performance Graph**

Following is a comparison of the total cumulative shareholder return for \$100 invested in Common Shares of the Corporation on December 31, 2010 with the cumulative return of the S&P/TSX Composite Stock Index for the five most recently completed financial years.

The December 31, 2015 value of \$100 invested on December 31, 2010 in the shares of Automodular and the S&P/TSX Total Return Index was \$283 and \$97 respectively. The large disparity between the two figures is a result of Automodular trading at a relatively low share price at the end of 2009 and into 2010 driven in large part by an economy that was just starting to come out of recession and that had been characterized by extreme weakness in the automotive industry. Automodular’s operations and share price have recovered substantially since that time. As described earlier, executive compensation is based primarily on the Corporation’s financial performance and other considerations rather than the performance of its stock price. As a result, the executive compensation may not compare to the trend shown in the following graph.

**CUMULATIVE TOTAL RETURN**



	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Automodular	100	209	229	276	239	283
S&P/TSX	100	89	92	101	109	97

## INCENTIVE PLAN AWARDS

The following table shows all outstanding share-based and option-based awards held by each NEO as at December 31, 2015.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)	(\$)	(\$)	(#)	(\$)	(\$)
<b>Christopher Nutt</b> President, CEO & CFO	0	N/A	N/A	N/A	0	0	0
<b>Melinda Diebel</b> V.P. Finance & CFO	0	N/A	N/A	N/A	N/A	N/A	N/A
<b>James Gazo</b> V.P. Operations	0	N/A	N/A	N/A	0	0	0
<b>Christopher Dell</b> V.P. Business Development	0	N/A	N/A	N/A	0	0	0
<b>Travis Doyle</b> V.P. Program Launches	0	N/A	N/A	N/A	0	0	0

All options previously awarded under the Corporation's Stock Option Plan have expired. No options were awarded during 2015.

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

The following table shows all option and share-based awards and cash awards vested in favour of or earned by each NEO in the year ended December 31, 2015.

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
<b>Christopher Nutt</b> President, CEO & CFO	0	0	275,000
<b>Melinda Diebel</b> V.P. Finance & CFO	0	N/A	90,000
<b>James Gazo</b> V.P. Operations	0	0	70,000
<b>Christopher Dell</b> V.P. Business Development	0	0	90,000
<b>Travis Doyle</b> V.P. Program Launches	0	0	60,000

### Narrative Discussion

The terms of the Stock Option Plan are discussed in detail under "Long-Term Incentive Plans".

## EMPLOYMENT CONTRACTS, TERMINATION AND CHANGE OF CONTROL BENEFITS

As at the date hereof, the Corporation has entered into employment contracts with the current and former NEOs as follows:

Christopher Nutt, President, Chief Executive Officer and Chief Financial Officer – originally a three-year employment contract terminating in 2014, with annual base salary of \$300,000 or as agreed. The employment contract was amended in June 2014 to terminate at March 31, 2015 but was extended on a month to month basis by the Board to address the outstanding GM litigation. The amended contract provides for benefits of twenty-four months base salary for termination without cause or upon contract expiry and non-renewal.

Christopher Dell, Vice-President, Business Development – a three-year employment contract terminating in 2015, with annual base salary of \$200,000 or as agreed. The employment contract was amended in June 2014 to terminate at March 31, 2015. In February 2015, the Company extended the contract beyond March 31, 2015 on a month to month basis in order to address the outstanding GM Litigation. Automodular agreed to give one month notice in the event that Mr. Dell's services were no longer needed. For termination without cause or upon contract expiry and non-renewal, the contract provides for benefits of six months base salary plus an additional one month for each completed year of employment to a maximum of twenty-four months.

Melinda Diebel, Vice-President Finance and Chief Financial Officer – originally a three-year employment contract terminating in 2014, with annual base salary of \$150,000 or as agreed. The employment contract was amended in June 2014 to \$200,000 and extended to terminate at March 31, 2015. In February 2015, the employment contract was extended to June 30, 2015. On July 1, 2015, following Ms. Diebel's termination as an employee, a contract for consulting services with a termination date of June 30, 2016 was entered into. This contract can be terminated by either party for any reason by giving thirty days' written notice of its intention to do so. Subsequently, Ms. Diebel's contract was extended to December 31, 2016.

James Gazo, Vice-President, Operations – originally a three-year employment contract terminating in 2014, with annual base salary of \$225,000 or as agreed. The employment contract was amended in June 2014 to terminate at March 31, 2015. At such time, Mr. Gazo was paid the amount of \$450,000 on account of termination of the employment contract. On April 1, 2015, Automodular entered into a consulting agreement (the "**agreement**") with Mr. Gazo for a period of three months. The agreement automatically terminated on the end date, June 26, 2015 at which time a revised contract with a termination date of June 30, 2016 was entered into. This contract can be terminated by either party for any reason by giving thirty days' written notice of its intention to do so. No termination or change of control benefits are payable upon termination.

Travis Doyle, Vice-President, Program Launches – a three-year employment contract terminating in 2015, with annual base salary of \$200,000 or as agreed. The employment contract was amended in June 2014 to terminate at March 31, 2015. Upon termination of the employment agreement, Mr. Doyle was paid the amount of \$400,000. On April 1, 2015, Automodular entered into a consulting agreement with Mr. Doyle for a period of three months. The agreement automatically terminated on the end date, June 26, 2015 at which time a revised contract with a termination date of June 30, 2016 was entered into. This contract can be terminated by either party for any reason by giving thirty days' written notice of its intention to do so. No termination or change of control benefits are payable upon termination.

None of the foregoing contracts contains any payment or vesting provisions in the event of a change of control of the Corporation or any of its subsidiaries nor in the event of a change in the responsibilities of the named executive officers following a change of control. All of the foregoing contracts contain non-solicitation provisions; Mr. Nutt's contract also contains a non-competition clause.

Under the Corporation's Stock Option Plan, all unvested options held by the NEO, if any, would vest and could be exercised up to the date of the closing of a change of control transaction. Otherwise, options held by the NEO expire (i) one year following death or permanent disability; (ii) 30 days following termination of employment for just cause; and (iii) otherwise, 60 days following termination of employment.

The following table details the estimated payments, payables and benefits triggered by a termination without cause for each of the NEOs, assuming the triggering event took place on December 31, 2015. This table assumes that all 2015 compensation has been paid.

Name and principal position	Salary	Performance share-based awards	Option-based awards	Non-equity incentive plan compensation	All other compensation	Total compensation
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Christopher Nutt</b> President, CEO & CFO	600,000	0	0	0	0	600,000
<b>Christopher Dell</b> V.P. Business Development	400,000	0	0	0	0	400,000

### DIRECTORS' COMPENSATION

Directors' compensation is reviewed on an annual basis by the full Board. In January 2008, after reviewing companies with revenue similar to that of Automodular, the Board of Directors passed a resolution to increase the attendance fee paid to each Director from \$1,000 to \$1,250 for each board and committee meeting attended and the annual retainer paid to each Director from \$10,000 to \$20,000. The retainer for the Chairman of the Board was increased from \$40,000 to \$50,000 and it was resolved that Audit Committee members were to be paid an additional annual retainer of \$5,000. The retainer for the Chairman of the Audit Committee remained at \$10,000. There have been no changes to the fees paid to Directors since January 2008.

The following table details all forms of compensation paid, payable, awarded, granted, given or otherwise provided directly or indirectly, for the fiscal year ended December 31, 2015 to each Director of the Corporation who is not a named executive officer. For details of the compensation for a NEO who is also a Director, see the disclosure in the "Summary Compensation Table" at the beginning of this Part Three.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Rodney Hill</b> <sup>(3)</sup>	30,000	0	0	0	0	0	30,000
<b>Parsa Kiai</b> <sup>(3)(4)</sup>	30,000	0	0	0	0	0	30,000
<b>R. Peter McLaughlin</b> <sup>(2)(3)</sup>	41,250	0	0	0	0	0	41,250
<b>Rae Wallin</b> <sup>(1)(3)</sup>	81,250	0	0	0	0	0	81,250

(1) Rae Wallin is Chairman of the Board of Directors.

(2) Peter McLaughlin is Chairman of the Audit Committee.

(3) A member of the Audit Committee.

(4) Fees for Mr. Kiai to attend Board Meetings are paid directly to Steamboat Capital Partners, LLC.

As part of Automodular's cost rationalization process, Audit Committee members elected to waive the fees associated with attending Meetings of the Audit Committee. Directors are reimbursed for incidental costs associated with their attendance at Board meetings.

#### Incentive Plan Awards (Directors)

Directors are eligible to participate in the Automodular Stock Option Plan although no options were granted to Directors in the year ended December 31, 2015. All options previously awarded have expired. Directors are not entitled to bonuses or other non-equity incentive plans.

## LONG-TERM INCENTIVE PLANS

Until 2014, Automodular had two equity-based compensation plans in place: a stock option plan and a performance share unit plan. The stock option plan is described in detail below. The performance share unit plan was wound up in 2014.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets out information as at December 31, 2015 with respect to compensation plans under which equity securities of Automodular are authorized for issuance to employees or non-employees such as Directors and consultants. Automodular has only one plan which falls within this description: the Automodular Stock Option Plan. See detailed description under “*Stock Option Plan*” below.

### EQUITY COMPENSATION PLAN INFORMATION

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)
	(#)	(\$)	(#)
Equity compensation plans approved by securityholders	0	N/A	1,200,000
Equity compensation plans not approved by securityholders	N/A <sup>(1)</sup>	N/A	N/A
Total	0	N/A	1,200,000

### Stock Option Plan

Automodular’s Stock Option Plan (the “**Option Plan**”) was adopted by the Corporation on May 21, 1997. Under the Option Plan, the Board of Directors may grant, at its discretion, options to purchase Common Shares of the Corporation to certain employees, Officers, Directors and consultants of the Corporation and its subsidiaries. The exercise price is established by the Board of Directors but may not be lower than the closing price on the Toronto Stock Exchange for Common Shares on the business day immediately preceding the date of the grant. Unless determined otherwise by the Board of Directors of the Corporation, options are exercisable for a period of five years from the date of grant, except in the event of retirement, termination of employment, death, disability or change of control. Options granted vest evenly over a period of five years at a rate of 20% per year commencing on the first anniversary date of the grant. Shareholder approval was received at the May 27, 1999 annual and special shareholders’ meeting for an amendment to replenish the Option Plan and set the number of Common Shares which may be reserved for issuance at 970,000. On May 31, 2005, the shareholders approved a further amendment to the Plan, to increase the number of Common Shares authorized for issuance under the Option Plan by 230,000 so that an aggregate of 1,200,000 Common Shares would be available for issuance under the Option Plan. At the date hereof, all options issued under the Option Plan have expired. The number of shares which are issuable under the Option Plan represents 9.1% of the issued and outstanding Common Shares of the Corporation as at the date hereof.

The total number of shares which may be optioned to any one optionee under the Option Plan shall not exceed 5% of the number of issued and outstanding shares at the date of the grant of the option. The total number of shares issuable to insiders, at any time, under all security- based compensation arrangements, cannot exceed 10% of the issued and outstanding shares at such time. The number of shares which may be issued to all

insiders, within any one-year period under the Option Plan and under all other security-based compensation arrangements, cannot exceed 10% of the issued and outstanding shares at the date of issuance.

Options expire (i) one year following the death of an optionee or the permanent disability of an optionee resulting in termination of employment or his or her ceasing to be a director, officer or consultant of the Corporation or of any subsidiary; (ii) 60 days following the date upon which an optionee ceases (other than due to death or disability) to be a director, officer, employee or consultant of the Corporation or of any subsidiary; and (iii) 30 days following the termination for just cause of any of the foregoing persons. Upon a change of control, all options vest and can be exercised up to the date of the closing of the change of control transaction.

Options granted under the Option Plan are not assignable except by will.

The Board of Directors may amend or discontinue the Option Plan at any time, subject to the prior approval of the appropriate regulatory authority, provided that no such amendment may (i) without approval of the shareholders increase the maximum number of Common Shares that may be optioned under the Option Plan, (ii) change the manner of determining the exercise price, or (iii) without the consent of the optionee, alter any of the terms of any option previously granted to an optionee under the Option Plan. In addition, notwithstanding any provision in the Option Plan allowing amendments without shareholder approval, under rules of the Toronto Stock Exchange governing security-based compensation arrangements, specific shareholder approval is required for any amendment to the Option Plan: (i) to remove or to exceed the insider participation limit in the Option Plan; (ii) to reduce the exercise price benefitting an insider of Automodular; or (iii) to extend the term of an option benefitting an insider of Automodular.

#### **Performance Share Unit Plan**

In June 2007, Automodular adopted a Performance Share Unit Plan for Designated Participants of Automodular and its subsidiaries (the “**Unit Plan**”). The Unit Plan wound up in 2014 as its stated objectives had been met and changes to tax legislation made the plan more cumbersome to administer. See the description of the Unit Plan in the Management Information Circular prepared for the annual meeting of the Corporation held in 2015 for a detailed explanation of the Unit Plan and the history behind the entries in the column “*Share-based Awards*” in the “*Summary Compensation Table*” above for the year ended 2013.

A copy of the Unit Plan was filed on SEDAR at [www.sedar.com](http://www.sedar.com).

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

At December 31, 2015, the Corporation maintained \$10.0 million of group liability insurance for the protection of the Directors and Officers of the Corporation and its subsidiaries. The annual premium for this liability insurance in 2015 was \$36,088. This coverage is in addition to the corporate indemnification outlined in the Corporation's By-Laws, as amended.

In keeping with best corporate practices, each of the Directors and Officers has entered into an indemnification agreement with the Corporation in favour of such Director or Officer. Such agreements supplement the indemnification protection provided to the Directors and Officers under By-Law No. 1 of the Corporation.

#### **INDEBTEDNESS OF DIRECTORS, EXECUTIVES AND SENIOR OFFICERS**

None of the executive officers, former executive officers, employees, former employees, Directors, former Directors or proposed nominees for election as Directors of the Corporation, nor any of their associates, is or was since the beginning of the most recently completed financial year of the Corporation indebted to the Corporation.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person (within the meaning of National Instrument 51-102 *“Continuous Disclosure Obligations”*, which definition includes, among others, executive officers, directors and insiders) of the Corporation, no nominee for election as a Director of the Corporation and no associate or affiliate of any informed person or nominee for election as a Director of the Corporation has or had any material interest, direct or indirect, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries, except as follows:

Mr. Parsa Kiai, a Director of Automodular, was a party to a standstill agreement with the Corporation dated November 24, 2013. Steamboat Capital Partners, LLC, (**“Steamboat”**) of which Mr. Kiai is Managing Partner and Portfolio Manager, Mr. Bo Shan, and Gobi Capital, LLC, (**“Gobi”**) of which Mr. Shan is Founder and Portfolio Manager, were also parties to the agreement. In accordance with its terms, the agreement expired at the close of the 2015 annual meeting of shareholders of the Corporation. The standstill agreement was entered into concurrently with Mr. Kiai’s appointment to the Board of Directors of the Corporation. As at the date of the agreement, Steamboat and Gobi, both United States-based funds, held in the aggregate 6.9% of the then issued and outstanding Common Shares of Automodular. The agreement contained customary standstill provisions and confidentiality restrictions with respect to confidential information of the Corporation. A copy of the standstill agreement has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## PART FOUR: CORPORATE GOVERNANCE AND OTHER INFORMATION

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation has adopted a series of guidelines, policies and procedures that comprise its corporate governance framework. The Corporation’s corporate governance practices are regulated by a number of regulatory bodies and are influenced by emerging concepts of best practices.

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires every reporting issuer to disclose on an annual basis its approach to corporate governance. The Corporation’s disclosure with respect to the guidelines is set out in Schedule “A” to this Information Circular. The disclosure statement has been approved by the full Board.

Corporate governance standards and regulatory requirements are continually evolving. The Board of Directors and management closely monitor corporate governance regulatory developments, in particular the best practices and governance recommendations of the Canadian Securities Administrators as set out in National Instrument 58-201, *Corporate Governance Guidelines*, and review the Corporation’s corporate governance policies and procedures in light of these developments.

#### **Majority voting policy**

Effective December 31, 2012, the Toronto Stock Exchange (the **“TSX”**), adopted new rules requiring a listed issuer to elect directors individually (versus a slate of directors), to hold an annual election for all directors and to disclose in the materials sent to its shareholders for a meeting at which directors are to be elected, whether or not it has adopted a majority voting policy for directors at uncontested meetings and, if not, to explain in its meeting materials why it has not adopted such a policy. A majority voting policy generally requires that a director tender his or her resignation if the director receives more **“withheld”** votes than **“for”** votes at any meeting where shareholders vote on the uncontested election of directors. Under Ontario law, election of directors by shareholders is based on a **“plurality”** system under which a shareholder can either vote for a director nominee or withhold his, her or its vote. Shareholders do not have the option to **“vote against”** a director. If the



number of director nominees is the same as the number of directors to be elected, management's slate will be elected even if only one vote "for" is cast for each director and all other votes are withheld. The rationale is that a corporation should not be without a board of directors.

The Corporation complied with the new rules but the Board was not required to, and did not, adopt a majority voting policy at that time. Effective June 30, 2014, the TSX amended its rules again and mandated majority voting for all directors of listed issuers, subject to a very limited number of exemptions. All listed issuers were required to comply with the amended rules on or before June 30, 2015.

On November 6, 2014, the Board of Directors determined to adopt a majority voting policy (the "Policy") in compliance with the amended TSX rules.

This Policy provides that a nominee as a director who receives a greater number of votes "withheld" than votes "for", with respect to the election of directors by shareholders, will be expected to tender his resignation to the Board of Directors immediately following the meeting of shareholders at which the director is elected. The Board of Directors will consider such offer of resignation and the Board will make a decision whether to accept the resignation or not. The Policy requires that the Board shall accept such resignation absent exceptional circumstances. The resignation of a director will be effective when accepted by the Board. Automodular will issue a press release within 90 days following the meeting of shareholders announcing the decision of the Board and, if the decision is not to accept a resignation, the press release will state in full the reasons for that decision. The director who offered to tender his resignation will not take part in any deliberations pertaining to his resignation offer. This Policy applies only where the number of director nominees is the same as the number of directors to be elected to the Board.

Although Automodular is no longer a TSX listed issuer, the Board of Directors has determined to retain the Policy in the interests of good corporate governance.

### **Board Committees**

The Corporation has an Audit Committee consisting of four independent Directors. The current members are R. Peter McLaughlin, Rodney G. Hill, Parsa Kiai and Rae Wallin.

The Corporation does not have a Corporate Governance and Nominating Committee. The Board is of the view that issues of corporate governance should be the responsibility of the full Board.

The Board does not have an Executive or Compensation Committee. All significant operating and executive compensation matters are presented directly to the Board for review, discussion and approval, by the Chief Executive Officer.

### **Audit Committee Disclosure**

The Audit Committee Charter is attached as Schedule "B" to this Management Information Circular

### **Composition of the Audit Committee**

The members of the Audit Committee are R. Peter McLaughlin (Chairman), Rodney G. Hill, Parsa Kiai and Rae E. Wallin. All members of the Audit Committee are independent within the meaning of National Instrument 52-110 "Audit Committees". No member has a material direct or indirect relationship with Automodular. All members of the Audit Committee are financially literate in that they understand the business of the Corporation and the requirements of financial reporting, internal controls and procedures. They are able to understand the accounting principles used by the Corporation to prepare its financial statements and can assess the application of those principles in connection with the accounting for estimates, accruals and reserves.

Rodney G. Hill is Chief Risk Officer, Ontario Municipal Employees Retirement System (“OMERS”) where he is responsible for overseeing the risk function together with the internal audit and compliance activities across the \$77 billion pension plan, reporting to the CEO. From 2001 to 2011, he was a Partner with PricewaterhouseCoopers LLP and during his time there, worked in a wide range of industries focusing on public reporting entities and private equity. After graduating from the University of Kent at Canterbury in 1989 with an Honours degree in Accounting with Computing, Mr. Hill became an Associate of the Institute of Chartered Accounts in England and Wales prior to transferring to Toronto in 1992. He attained his Chartered Accountant’s (CA) designation in 2001.

Parsa Kiai founded Steamboat Capital Partners LLC in 2012 after spending four years as a Partner at Sonterra Capital. Prior to Sonterra, Mr. Kiai was an Analyst at Perry Capital responsible for coverage of the energy sector. Prior to joining Perry Capital in 2005, Mr. Kiai was an Analyst in the Investment Banking Division at Goldman, Sachs & Co. Mr. Kiai graduated with Honours from Cornell University with a degree in Applied Economics and Management.

Peter McLaughlin, Chairman of the Audit Committee, was formerly a partner with Baker & McKenzie, LLP. He holds a B.A. and the LL.B. designation from Queen’s University at Kingston. While in law practice, Mr. McLaughlin was involved primarily in the fields of corporate, commercial and securities law and was involved in many merger and acquisitions transactions from the perspective of both the purchaser and vendor. He is Chairman of Greenbriar Holdings Limited, (“Greenbriar”), a private family holding company that invests in new business in Ontario. As such, he is responsible for both the review and investigation of business plans and proposals, as well as the review of the financial statements both prior to and following investment. Prior to this appointment, he served as President of Greenbriar.

Rae E. Wallin was President of N-Viro Systems Canada Inc., a bio-solids management company, until his retirement on November 6, 2009. Mr. Wallin completed his CMA designation in 1970 and spent 25 years in financial management at General Electric Canada Inc. He was also Vice-President Finance and President of Black & Decker Canada. Mr. Wallin has served on boards and audit committees for more than thirty years.

**External Auditor Service Fees (by Category)**

PricewaterhouseCoopers, LLP are the external auditors for Automodular. Audit and audit-related fees for Automodular and its subsidiaries are shown on the following table:

<b>External Auditor Services</b>	<b>Fiscal 2015 Fees</b>	<b>Fiscal 2014 Fees \$</b>
Audit fees	73,424	139,314
Audit and accounting related fees	50,575	2,684
Tax fees	27,825	86,226
<b>Total</b>	<b>151,824</b>	<b>228,224</b>

The tax fees in both years were incurred for services consisting of tax compliance, including the preparation and review of Canadian and US tax returns, assistance regarding income, capital and sales tax audits and tax advisory services relating to domestic and international taxation.

**Pre-Approval Policies and Procedures**

The Audit Committee of the Corporation has adopted a policy regarding the provision of services by its external auditor. This policy requires audit committee pre-approval of all permitted audit, audit-related and non-audit services.

Subject to the abovementioned policy, the Audit Committee may establish fee thresholds for a group of pre-approved services, provided that such fees will, when combined with all such fees that have not been specifically approved by the Audit Committee, aggregate less than \$25,000 for audit-related services and \$25,000 for general tax consulting services. In such cases, the description of services must be sufficiently detailed as to the type of services to be provided to ensure that (i) the Audit Committee knows precisely what types of services it is being asked to pre-approve and (ii) the Audit Committee's responsibilities are not delegated to management. All such services will be ratified at the next scheduled meeting of the Audit Committee, and upon such ratification will no longer be included in determining the aggregate fees covered by this limited approval.

None of the fees reported in this Information Circular under the heading "*External Auditor Service Fees (by Category)*" were subject to the *de minimis* exception from Audit Committee pre-approval for non-audit services as set out in the Audit Committee Charter.

### **AVAILABILITY OF INFORMATION**

Additional information relating to Automodular can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on Automodular's website [www.automodular.com](http://www.automodular.com). Financial information is provided in the Corporation's consolidated financial statements and management discussion and analysis for the 2015 financial year. Securityholders may obtain copies of this Information Circular and the Annual Report containing the MD&A and the audited consolidated financial statements for the most recently completed financial year from the Corporation's office at 1099 Kingston Road, Suite 214, Pickering, Ontario, Canada L1V 1B5: telephone 905.420.0200 extension 100 or by e-mail to the Corporate Secretary at [invest@automodular.com](mailto:invest@automodular.com).

### **DATE OF INFORMATION**

The information contained in this Information Circular is given as of April 5, 2016 unless otherwise indicated herein. Management of the Corporation knows of no matter to come before the Meeting, other than the matters referred to in the accompanying Notice.

### **BOARD APPROVAL**

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

### **BY ORDER OF THE BOARD OF DIRECTORS**

Christopher S. Nutt [signed]  
President, Chief Executive Officer and Chief Financial Officer  
Pickering, Canada

April 5, 2016

# SCHEDULE "A"

NATIONAL INSTRUMENT 58-101  
DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES  
(Venture Issuers)  
Form 58-101F2

1. **Board of Directors** – *Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including:*

a. *the identity of directors who are independent; and*

The Board considers current directors Rodney G. Hill, Parsa Kiai, R. Peter McLaughlin, and Rae Wallin to be independent within the meaning of section 1.4 of MI 52-110, "Audit Committees". Commencing in 2015, Rodney Hill has been considered to be an independent director because by 2015 three years had passed since he resigned as a Partner of PricewaterhouseCoopers, LLP, the Corporation's auditors, where he personally worked on the Corporation's files.

b. *the identity of directors who are not independent, and the basis for that determination.*

Christopher Nutt, President, Chief Executive Officer and Chief Financial Officer, is not independent because he is an executive officer of Automodular.

The current Board consists of five (5) members, four (4) of whom are independent within the meaning of section 1.4 of MI 52-110 (Audit Committees). The current Directors are the management nominees for election as Directors at the Meeting and, if elected at the Meeting, the Board will consist of five (5) directors, of whom a majority, four (4), will be independent.

The independent directors hold meetings without management and non-independent directors as standard procedure. Directors also have the resources to engage outside consultants to review matters on which they feel they require independent advice. During 2015, there were eight (8) *in camera* meetings of the independent directors. The Audit Committee also holds *in camera* meetings with the external auditors.

Rae Wallin, an independent director, is Chairman of the Board. The Chairman chairs all meetings of the board as well as annual meetings of shareholders. The Chairman's role is to encourage open and frank discussion among the directors and to ensure that the members of the Board discharge their responsibilities to the Corporation and the shareholders.

Automodular's written charter of the Board of Directors is set out below:

"As set out in the *Business Corporations Act*, Ontario, the Board of Directors oversees the management of the business and affairs of the Corporation in strict compliance with applicable laws and in accordance with the By-Laws of the Corporation. The Board of Directors is not directly involved in the day-to-day management of the Corporation. In particular, the Board has primary responsibility for the matters listed below:

STRATEGIC DIRECTION

- Long-term goals and planning
- Risk management
- Promotion of the Corporation's purpose and values

SUCCESSION AND LEADERSHIP DEVELOPMENT

- CEO and management succession
- Leadership and key talent development

## PERFORMANCE EVALUATION

- Progress and impact of strategic initiatives
- Execution and business results

## CONTROL & TRANSPARENCY

- Leading governance practices
- Accountability to all shareholders
- Strong, independent Board
- Integrity of controls and information systems
- Social responsibility

## **ORGANIZATION AND FUNCTIONING OF THE BOARD**

### *a. Duties and Responsibilities*

The Board of Directors is elected by the shareholders of the Corporation, and owes duties to act scrupulously in the best interests of the Corporation. Where the interests of the Corporation and the interests of its shareholders do not coincide, a director's duty is to the Corporation. Directors shall work to protect and enhance the assets of the Corporation in a way that is consistent with their duties, which should result in long-term value for all shareholders.

### *b. Board Composition*

The following guidelines have been established regarding Board composition:

- The Board should be composed of no more than 10 members.
- The Board should be composed of a majority of individuals who qualify as independent directors. Where the Corporation has significant shareholders, the Board should include a number of directors who do not have interests or relationships with either the Corporation or the significant shareholders.
- Composition of the Board should reflect business experience compatible with the Corporation's strategic and business objectives with consideration to geographic regions of operation.
- Directors should be elected annually.
- The Chairman's and CEO's roles should be separate.

### **Definitions:**

Directors are considered "independent" or "inside", on the following basis:

#### (i) Independent Director

An independent director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interest of the Corporation, other than interest and relationships arising from shareholding.

#### (ii) Inside Director

An inside director is a director who is a member of management, elected to bring internal expertise and understanding of the business to the Board. The role of an inside director is to bring first-hand knowledge of the business to the decision-making process of the Board.

c. *Strategic Plan, Business Plan and Capital Plan*

The Board has delegated to the CEO and the senior management the responsibility to develop strategic and annual business and capital plans for the Corporation. It is the Board's responsibility to review and question not only the plan's effectiveness in increasing shareholder value but also the Corporation's ability to achieve the plans and the resources required. The Board also monitors the performance of management relative to the strategic and business plans and the capital plan.

d. *Role of Committees*

The Corporation has an Audit Committee consisting of four independent directors. The Board is of the view that effective corporate governance practices are fundamental to the long-term success of the Corporation and as such issues of corporate governance should be the responsibility of the full Board. As well, in the absence of an Executive or Compensation Committee, all significant operating and executive compensation matters are presented to the full Board for review, discussion and approval.

e. *Matters Requiring Board Approval*

Management is required to obtain the approval of the Board (or the Audit Committee where appropriate) in respect of the following matters:

Financial Matters:

Approval of:

- Strategic plan
- Annual business and capital plans, presented as an annual budget
- Annual financial statements and auditors' report
- Quarterly earnings and press release
- Capital expenditures in excess of \$1 million (outside approved capital plan)
- Acquisitions and divestitures
- Significant refinancing initiatives
- Dividend policy
- Share issuances and share repurchase programs

Human Resources:

Approval of:

- Appointment, compensation, succession, or dismissal of CEO
- Executive compensation schemes and incentive plans
- Employment agreements and termination agreements of senior officers, as such are defined in the Securities Act (Ontario).

Administration/Compliance

Approval of:

- Appointment of Board Committees
- Nomination of Directors
- Recommendation of auditors to the shareholders
- Proxy circular and Annual Information Form
- Appointment of Chairman
- Major policies

2. **Directorships** - *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the issuer.*

The following current Directors are also directors or trustees of other reporting issuers.

Name of Director	Reporting Issuer
R. Peter McLaughlin	Dominion Citrus Income Fund

**3. Orientation and Continuing Education** – Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

- a. New Directors are provided with an information package that includes historical data on the Company as well as copies of corporate policies and procedures and recent financial information and filings so as to enable the Director to become familiar with the Corporation, its operating facilities and the procedures of the Board. When Automodular had active operations, all Directors were regularly given the opportunity to visit the Corporation’s operating facilities with management and to interact with and request briefings from operations management in order to be updated on the day to day business of the Corporation. Senior members of management attended the regularly scheduled board meetings and made presentations to the Board at those meetings.
- b. The Board does not have a formal continuing education program for its Directors. All Directors are encouraged to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters as well as to become members of the Institute of Corporate Directors so as to maintain or enhance their skills and abilities as directors. The Corporate Secretary regularly sends notices of upcoming seminars or webinars on a variety of topics to the Board, as a matter of course. Directors are fully reimbursed for attending such courses. Each current member of the Board is fully aware of his responsibility to maintain the skill and knowledge necessary to meet his obligation as a director. Directors have the resources to engage outside consultants to review matters on which they feel they require independent advice.

**4. Ethical Business Conduct** – Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

Automodular has adopted a written Code of Business Conduct and Ethics which affirms the Company’s commitment to business practices in accordance with applicable laws, rules and regulations and high ethical and professional standards. Automodular has also adopted a written Corporate Disclosure Policy, which addresses corporate disclosure on a timely basis, confidentiality and insider trading, as well as a Sexual Harassment Policy. These policies can be viewed on the Corporation’s website at [www.automodular.com](http://www.automodular.com). The Code of Business Conduct and Ethics can also be viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies can be obtained from Automodular’s Corporate Secretary at 1099 Kingston Road, Suite 214, Pickering, ON L1V 1B5, telephone 905.420.0200 extension 100 or by e-mail to [invest@automodular.com](mailto:invest@automodular.com).

In order to avoid the potential for inappropriate disclosure or the perception or appearance of insider trading, the Corporation observes a quarterly quiet period as well as a blackout period during which informed persons are prohibited from discussing material or non-public material or trading in securities of the Corporation. The Board of Directors, at its discretion, may impose a blackout during any discussions on future business partners of the Corporation or potential uses of the Corporation’s resources.

The Board of Directors is responsible for overseeing the Corporation’s disclosure practices and ensuring implementation and adherence to the disclosure policy. When necessary, the Board would oversee the investigation of any alleged breach of the Code of Business Conduct and Ethics. The Board supported management in encouraging and promoting a culture of ethical business practices and reviews and updates, if necessary, its disclosure policy on an annual or as needed basis. Historically, Automodular’s core values as well as its Whistleblower Policy were posted in each of its operating facilities and all employees received copies of the quality policy statement and the health and safety policy in their Employee

Handbook. Health and safety and quality policies were monitored by the Health and Safety Committee and the Quality Manager who reported back to the Board through the Vice-President of Operations.

The Board adheres to the Corporation's governing statute and its by-law which states that every director of the Corporation who is in any way directly or indirectly interested in a contract or a proposed contract or a transaction or a proposed transaction with the Corporation shall declare his interest at a meeting of the directors of the Corporation and shall not attend any part of a meeting of directors during which the contract or transaction is discussed. Such a declaration should be made at the meeting of directors at which the question of entering into the contract or transaction is first considered, if his interest then exists, or in any other case at the first meeting of directors after the acquisition of his interest and no director shall as a director vote in respect of any contract or transaction in which he is interested as aforesaid. Any board materials referencing the contract or transaction in question will be redacted for the director concerned.

**5. Nomination of Directors** – *Disclose what steps, if any, are taken to identify new candidates for board nomination, including:*

*a. who identifies new candidates; and*

Individual members of the Board can recommend candidates for election as directors when necessary and assess their qualifications. Candidates are then interviewed by the Chairman of the Board and the Chairman of the Audit Committee and then by the full Board. Automodular has in the past been approached by shareholders asking for board representation. Each of these requests is reviewed by the Chairman and then the full Board.

*b. the process of identifying new candidates.*

The Board does not have a nominating committee. All members of the Board of Directors, except for Christopher Nutt by virtue of being a member of management, are independent directors as that term is defined in MI 52-110, "Audit Committees". Activities related to the nomination process are accepted as responsibilities of the full Board.

**6. Compensation** – *Disclose what steps, if any, are taken to determine compensation for the directors and CEO including:*

*a. who determines compensation; and*

The compensation of Automodular's Directors and Officers is reviewed on an annual basis by the full Board. On January 1, 2008, the Board determined that the then-current Directors' compensation was not appropriate for the responsibilities and risks assumed by the Directors and proposed changes (see earlier disclosure in the main body of the Management Information Circular). No changes to the compensation of the Directors have been made since 2008. With respect to the determination of the compensation of the Corporation's Officers, please refer to *Statement of Executive Compensation* in the main body of the Management Information Circular.

*b. the process for determining compensation.*

The Board does not have a compensation committee. Activities related to executive compensation and human resources are referred to the full Board and are accepted as responsibilities of the Board. The Directors meet *in camera* to review the compensation of the Chief Executive Officer, who is the only director who is not independent.

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

The Board has no other committees.



**8. Assessments** – *Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.*

The Chairman of the Board assesses, on an annual basis, the effectiveness of the Board as a whole and the contribution of individual directors. This assessment is communicated to the Directors and reviewed at an *in camera* session of the Board. The Chairman annually reviews the composition of the Board including the appropriate skills and characteristics required of the Directors in the context of the business experience and specific areas of expertise of each current director. The Chairman ensures the Board can function independently of management and monitors the working relationship of the Board with management.

# SCHEDULE "B"

## Charter of the Audit Committee

### Purpose of the Committee

The Audit Committee's purpose is to provide assistance to the Board of Directors (the "**Board**") in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of Automodular Corporation (the "**Corporation**"). Specifically, to foster communication between directors and external auditors, enhance the independence of the external auditors, and to represent the interests of shareholders through oversight of the external auditors on behalf of the shareholders.

It is the objective of the Audit Committee to maintain free and open communications among members of the Board, the committees of the Board, the external auditors and the financial management of the Corporation.

The Audit Committee shall have a written charter setting out its purpose and responsibilities.

### Authority and Membership

The Audit Committee (the "**Committee**") of the Board of Directors is established pursuant to By-law No. 1 and the *Business Corporations Act*, (Ontario) sec. 158 (the "**Act**"). The Committee shall be comprised of three (3) or more directors as determined from time to time by resolution of the Board. Every member must be independent and financially literate. The meaning of "independent" and "financially literate" shall be determined by reference to National Instrument 52-110 Audit Committees ("NI 52-110"), articles 1.4 to 1.6, inclusive, articles 3.1(3) and (4), and 3.9. A person who is not financially literate may be appointed to the Committee, provided the member becomes financially literate within a reasonable period of time following their appointment. Members of the Committee shall be elected by the Board at the annual meeting of the Board or at such other time as may be determined by the Board.

The Chairman of the Committee (the "**Chairman**") shall be designated by the Board, provided that if the Board does not so designate a Chairman, the members of the Committee, by majority vote, may designate a Chairman.

### Audit Committee Responsibilities

1. The Committee is responsible for having a written charter setting out its mandate and responsibilities.
2. The Committee is responsible for recommending to the Board:
  - (i) The external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and
  - (ii) The compensation of the external auditors.
3. The Committee is directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting.
4. The Committee must pre-approve all non-audit services to be provided to the Corporation or any of its subsidiary entities by its external auditors.
5. The Committee must review the financial statements, management's discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses the information.
6. The Committee must be satisfied that adequate procedures are in place for the review of any disclosure of financial information extracted or derived from the financial statements, other than as covered by item 5 above, and must periodically assess the adequacy of those procedures.
7. The Committee is responsible for establishing procedures for:

- (i) The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
8. The Committee is responsible for reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

#### **Pre-Approval of *De Minimis* Non-Audit Services**

An audit committee satisfies the pre-approval requirement regarding non-audit services of the external auditor if:

- a. the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- b. the issuer or the subsidiary entities of the issuer, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c. the services are promptly brought to the attention of the Committee of the issuer and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

#### **Delegation of Pre-Approval Function**

- 1. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement.
- 2. The pre-approval of non-audit services by any member to whom authority has been delegated pursuant to subsection (1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

#### **Pre-Approval Policies and Procedures**

The Committee satisfies the pre-approval requirement in sub-section 2.3(4) of NI 52-110 and in item 4 of "*Audit Committee Responsibilities*" in this Charter if it adopts specific policies and procedures for the engagement of the non-audit services, if:

- a. the pre-approval policies and procedures are detailed as to the particular service;
- b. the audit committee is informed of each non-audit service; and
- c. the procedures do not include delegation of the audit committee's responsibilities to management.

#### **Meetings of the Committee**

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The proceedings of all meetings will be minuted.

The Committee may invite such other persons to its meetings as it deems necessary.

The auditor of the Corporation or a member of the Committee may call a meeting of the Committee.

The auditor may attend Committee meetings, is entitled to receive notice of every meeting of the Committee, and at the expense of the Corporation, to attend and be heard thereat, and, if requested by a member of the Committee, shall attend every meeting of the Committee held during the term of office of the auditor. The auditor of the Corporation shall be entitled to attend at the expense of the Corporation and be heard at meetings of the Board of Directors on matters relating to the auditor's duties.

The presence in person or by telephone or other similar means of a majority of the Committee's members shall constitute a quorum for any Committee meetings. All decisions of the Committee will require the vote of a majority of its members present at a meeting at which a quorum is present.

## **Roles and Responsibilities**

### **1. Financial Reporting**

The Committee shall:

- (i) Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively;
- (ii) Consider with the external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues;
- (iii) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements and understand their impact on the financial statements;
- (iv) Ask management and the external auditors about significant risks and exposures and the plans to minimize such risks;
- (v) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (vi) Establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (vii) Review any legal matters, which could significantly impact the financial statements; and
- (viii) Review and recommend approval to the Board of:
  - Prospectus-type documents
  - Related news releases
  - Information and earnings guidance provided to analysts and rating agencies.

### **2. Annual Financial Statements**

The Committee shall review the financial statements of the Corporation and shall report to the Board of Directors before such financial statements are approved by the Board under section 159 of the Act (respecting approval of financial statements by directors).

- (i) Meet with management and the external auditors to review the financial statements and the results of the audit;
- (ii) Review the annual audited financial statements prior to presentation to the Board and distribution to shareholders and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles;
- (iii) Recommend that the annual financial statements and all related documents be received and approved by the Board;
- (iv) Review the financial reports and statements of the Corporation that require the approval of the Board prior to being submitted to a regulatory body;

- (v) Be satisfied that adequate procedures are in place for the review of any disclosure of financial information extracted or derived from these financial statements and periodically assess the adequacy of those procedures;
- (vi) Review complex and/or unusual transactions and judgmental areas such as significant claims and contingencies that could materially impact the Corporation's financial position;
- (vii) Review Management's Discussion and Analysis of financial information in the annual report and the Annual Information Circular; and
- (viii) Review all Related Party transactions.

### **3. Interim Financial Statements**

Assess the fairness of the preliminary and interim statements and disclosures and obtain explanations from management and internal and external auditors on whether:

- (i) Actual financial results for the interim period varied significantly from budgeted or forecasted results;
- (ii) Changes in financial ratios and the relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
- (iii) Generally accepted accounting principles have been consistently applied;
- (iv) There are any actual or proposed changes in accounting or financial reporting practices;
- (v) There are any significant or unusual events or transactions; and
- (vi) The preliminary announcements and interim financial statements contain adequate and appropriate disclosures.

### **4. Risk and Uncertainty**

The Board of Directors, in consultation with management, identifies the principal business risks, decides on an acceptable level, approves related risk management policies and assigns oversight responsibilities to the Audit Committee or the Board as a whole.

The Audit Committee requests the external auditor's opinion of management's assessment of significant financial risks facing the company and how effectively they are being managed or controlled.

### **5. Internal Control**

The Audit Committee reviews the plans of the internal and external auditors to ensure the combined evaluation and testing of control is comprehensive, well-coordinated, cost effective and appropriate to risks, business activities, changing circumstances, etc.

- (i) Review appointments of key people involved in financial reporting;
- (ii) Review fraud prevention programs and monitors their implementation;
- (iii) Review annual budget and management control procedures;
- (iv) Evaluate whether management is settling the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;

- (v) Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown;
- (vi) Gain an understanding of whether internal control recommendations made by the external auditors have been implemented by management; and
- (vii) Review the process and procedures for Officer certification of financial information.

The Committee has authority to communicate directly with the Corporation's internal auditors.

## **6. External Audit**

The Committee is directly responsible for engaging and overseeing the work of the external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The external auditors shall report all material issues or potentially material issues to the Committee. The external auditor shall report directly to the Committee, and the Committee has the authority to communicate directly with the external auditors of the Corporation.

The Committee shall:

- (i) Review the external auditor's proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope;
- (ii) Review the performance of the external auditors;
- (iii) Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the Corporation;
- (iv) Review the annual audit plan and fees proposed by the external auditors;
- (v) Review the nature and extent of the liaison between the Corporation's staff and the external auditors;
- (vi) Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis;
- (vii) Report to the Board any conflict between the external auditors and management that the Committee has been unable to resolve within a reasonable period of time;
- (viii) Review the draft audit opinion on annual financial statements;
- (ix) Review the management representation letter provided to the external auditors;
- (x) Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately;
- (xi) Make recommendations to the Board regarding the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation and their compensation; and
- (xii) The Audit Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Audit Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

## **7. Compliance with Laws and Regulations**

The Committee shall:

- (i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any fraudulent acts or non-compliance;
- (ii) Obtain regular updates from management and others (e.g. internal and external auditors, legal counsel) concerning the company's compliance with financial related laws and regulations such as:
  - Tax and financial reporting laws and regulations.
  - Legal, tax and withholding remittances.
  - Environmental protection laws.
  - Occupational health and safety laws.
  - Personal Information and Protection of Privacy laws.
- (iii) Review insider stock trades for compliance with Automodular Corporate Disclosure Policy;
- (iv) Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (v) Review the findings of any examination by regulatory agencies.

## **8. Other Matters**

### **a. Conflicts of Interest**

The Committee shall:

- (i) Review the Corporation's policies relating to the avoidance of conflicts of interest between the Corporation and members of management as well as procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets; and
- (ii) Annually, review and approve the CEO's expense accounts for the year then ended.

### **b. Committee's Right to Seek Independent Advice**

The Committee has the authority to seek independent expert advice, including the retaining of independent counsel, accountants or others, as it determines necessary, to assist the Committee in fulfilling its duties and responsibilities and has the authority to set and pay the compensation for any advisors employed.

### **c. Committee's Caveat**

While the Committee has the duties and responsibilities as set out in the Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

