



**MARTINREA INTERNATIONAL INC.**

**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL GENERAL MEETING TO BE HELD ON JUNE 14, 2017**

**May 15, 2017**

## MARTINREA INTERNATIONAL INC.

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** an annual general meeting of the shareholders of Martinrea International Inc. (the “Company”) will be held at **Paramount Conference Event Venue (Sinatra Room), 222 Rowntree Dairy Road, Vaughan, Ontario at 10:00 a.m. on Wednesday, June 14, 2017** for the following purposes:

1. **TO RECEIVE** the consolidated financial statements of the Company for the year ended December 31, 2016, together with the report of the auditors thereon;
2. **TO ELECT** directors of the Company;
3. **TO REAPPOINT** auditors and authorize the directors to fix the auditors’ remuneration;
4. **TO VOTE**, in an advisory, non-binding manner, on Martinrea’s approach to executive compensation described in the accompanying Management Information Circular; and
5. **TO TRANSACT** such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

Details of the foregoing transactions are contained in the accompanying Management Information Circular.

A Registered Shareholder who is unable to attend the meeting in person is requested to date, complete, sign and return the form of proxy and deposit it with the Company’s transfer agent and registrar, Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays and holidays, preceding the day of the meeting or any adjournment thereof at which the proxy is to be used. Alternatively, a Registered Shareholder may vote by fax, telephone or over the internet. The time limit for deposit of proxies may be waived by the Chair of the Meeting at his or her discretion without notice. Non-Registered Shareholders who hold shares through a bank, broker or other financial intermediary should carefully follow the instructions found on their voting instruction form.

Management and the Board **UNANIMOUSLY** recommend that Shareholders vote **FOR** all of the proposed resolutions. You are encouraged to vote today. Your vote is important no matter how many or how few shares you own.

**DATED** at Vaughan, Ontario this 15<sup>th</sup> day of May, 2017.

**BY ORDER OF THE BOARD**

(SIGNED) “*Rob Wildeboer*”  
Executive Chairman

# MANAGEMENT INFORMATION CIRCULAR

## TABLE OF CONTENTS

BUSINESS OF THE MEETING.....	- 3 -
FINANCIAL STATEMENTS.....	- 3 -
ELECTION OF DIRECTORS .....	- 3 -
Board Skills and Expertise.....	- 4 -
Nominee Independence.....	- 6 -
2016 Annual Meeting Vote Results .....	- 6 -
Background of Directors.....	- 6 -
Director and Senior Executive Ownership of Shares and Deferred Share Units, Restricted Share Units and Performance Share Units .....	- 13 -
CORPORATE GOVERNANCE.....	- 14 -
General.....	- 14 -
CSA Guidelines .....	- 15 -
Code of Conduct .....	- 16 -
Mandate of the Board of Directors .....	- 17 -
Composition and Independence of the Board of Directors .....	- 17 -
Directorships with Other Reporting Issuers.....	- 18 -
Majority Voting for Election of Directors .....	- 18 -
Retirement Policy and Director Term Limits.....	- 18 -
Diversity Policy .....	- 19 -
Board Committees .....	- 19 -
Board of Directors and Committee Participation.....	- 20 -
The Compensation Committee .....	- 20 -
The Corporate Governance and Nominating Committee.....	- 21 -
Succession Planning .....	- 21 -
Audit Committee.....	- 21 -
Orientation of New Directors, Continuing Education and Strategic Planning Review.....	- 22 -
Director Performance Review.....	- 22 -
Chief Executive Officer Performance.....	- 23 -
Shareholder Feedback and Communication.....	- 23 -
Board of Directors' Expectations of Management, Strategic Planning Oversight and Risk Management Oversight .....	- 24 -
Advisory Vote on Approach to Executive Compensation .....	- 24 -
EXECUTIVE COMPENSATION.....	- 26 -
Compensation Discussion and Analysis .....	- 26 -
Composition of the Compensation Committee .....	- 26 -
Executive Compensation Experience and Expertise of the Compensation Committee .....	- 26 -
Objectives of Compensation Program/Strategy .....	- 26 -
Elements of Compensation .....	- 28 -

Managing Compensation Related Risk .....	- 31 -
Compensation Review .....	- 32 -
Retention of Compensation Consultants .....	- 32 -
Performance Graph .....	- 33 -
Summary Compensation Table .....	- 35 -
Incentive Plan Awards .....	- 36 -
Termination and Change of Control Benefits .....	- 37 -
Director Compensation .....	- 38 -
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS .....	- 41 -
Stock Option Plan .....	- 41 -
OTHER COMPENSATION PLANS .....	- 43 -
DSU Plan .....	- 43 -
PRSU Plan .....	- 43 -
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE .....	- 45 -
INDEBTEDNESS OF DIRECTORS AND OFFICERS .....	- 46 -
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	- 46 -
APPOINTMENT OF AUDITORS .....	- 46 -
OTHER MATTERS WHICH MAY COME BEFORE THE MEETING .....	- 47 -
ADDITIONAL INFORMATION .....	- 47 -
GENERAL .....	- 47 -
DIRECTORS' APPROVAL .....	- 47 -
SCHEDULE "A" CODE OF CONDUCT .....	- 48 -
SCHEDULE "B" BOARD MANDATE .....	- 50 -
SCHEDULE "C" MANDATE OF THE BOARD CHAIR .....	- 52 -
SCHEDULE "D" LEAD DIRECTOR MANDATE .....	- 54 -
SCHEDULE "E" HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER .....	- 55 -
SCHEDULE "F" CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER .....	- 57 -
SCHEDULE "G" AUDIT COMMITTEE CHARTER .....	- 59 -
SCHEDULE "H" POSITION DESCRIPTION FOR THE CHIEF EXECUTIVE OFFICER .....	- 62 -

**MARTINREA INTERNATIONAL INC.**  
**MANAGEMENT INFORMATION CIRCULAR FOR THE**  
**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**To be Held on Wednesday, June 14, 2017**

**SOLICITATION OF PROXIES**

This Management Information Circular is furnished in connection with the solicitation by management of Martinrea International Inc. (the “Company”) of proxies to be used at the annual general meeting of the shareholders of the Company (the “Meeting”) to be held at Paramount Conference Event Venue (Sinatra Room), 222 Rowntree Dairy Road, Vaughan, Ontario at 10:00 a.m. on Wednesday, June 14, 2017 and at any adjournment thereof for the purposes set forth in the enclosed notice of meeting (the “Notice of Meeting”). Proxies will be solicited primarily by mail but may also be solicited personally, by telephone or by facsimile by the directors and/or officers of the Company at nominal costs. The Company has also retained Laurel Hill Advisory Group (“Laurel Hill”) to assist in connection with the Company’s communications with shareholders and solicitation of proxies. In connection with these services, Laurel Hill is expected to receive a fee of \$25,000, plus reasonable out-of-pocket expenses. The costs of solicitation by management will be borne by the Company. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the common shares of the Company (“Common Shares”). The cost of any such solicitation will be borne by the Company.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are officers of the Company and represent management of the Company. **A registered shareholder (“Registered Shareholder”) desiring to appoint some other person, who need not be a shareholder of the Company, to represent the shareholder at the Meeting may do so by filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used. A proxy should be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. You are a Registered Shareholder if you have a share certificate for Common Shares and they are registered in your name or if you hold Common Shares through direct registration. Shareholders who hold their Common Shares through a bank, broker or other intermediary should read the instructions under the heading, “Advice to Beneficial Holders of Common Shares”.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of such Meeting or any adjournment thereof and thereupon the proxy is revoked. Shareholders who hold their shares through a bank, broker or other financial intermediary should carefully follow the instructions found on their voting instruction form for delivery, appointment and revocations instructions.

Registered Shareholders as of the record date are entitled to attend and vote at the Meeting. In order for your vote to be valid, if you are a Registered Shareholder, we urge you to vote the form of proxy by using one of the following methods:

- by telephone at 1-866-732-8683 (toll free in North America) or 312-588-4290 (international); or
- via the internet at [www.investorvote.com](http://www.investorvote.com); or
- by fax to Computershare Investor Services Inc., Attention: Proxy Department at 1-866-249-7775 (toll free in North America) or 416-263-9524 (international); or
- by mail to Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1; or
- by personal delivery to Computershare Investor Services Inc. at the address set out above;

in each case so as to be deposited with the Company's Transfer Agent no later than **10:00 a.m.** (Toronto time) on June 12, 2017 or if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned Meeting.

Shareholders who hold their Common Shares through a bank, broker or other intermediary should follow the instructions under the heading "Advice to Beneficial Holders of Common Shares".

### **EXERCISE OF DISCRETION BY PROXIES**

The Common Shares represented by proxies in favour of management nominees will be voted in accordance with the instructions of the shareholder on any ballot that may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by proxy shall be voted accordingly. **Where no choice is specified, the proxy will confer discretionary authority and will be voted FOR all matters proposed by management at the Meeting.** The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting in such manner as the nominee in his judgement may determine. At the time of printing this Management Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### **ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

**The information set forth in this section is of significant importance to many shareholders of the Company as a substantial number of shareholders do not hold their Common Shares in their own name and thus are considered non-Registered Shareholders ("Beneficial Shareholders").** Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker then, in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker or another similar entity (an "Intermediary"). Shares held by an Intermediary can only be voted by the Intermediary upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting shares.

**Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary.** Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. **Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which instructions should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of its Intermediary, a Beneficial Shareholder may attend at the Meeting as proxyholder for the Intermediary and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as a proxyholder should enter their own names in the blank space on the form of proxy or voting instruction form provided to them by their Intermediary and return the same in accordance with the instructions provided by their Intermediary well in advance of the Meeting.**

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Company consists of an unlimited number of Common Shares.

At the date hereof, the Company has 86,512,167 Common Shares issued and outstanding, each of which carries one vote. To the knowledge of the directors and officers of the Company, based on public filings on SEDAR on May 12, 2017, (the information not being within the knowledge of the Company), there are no persons or corporations beneficially owning, directly or indirectly, or exercising control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of the Company.

Shareholders registered on the books of the Company at the close of business on May 10, 2017 (the “record date”) are entitled to vote at the Meeting. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation in Canada and its counterpart in the United States (“Broadridge”).

Additionally, there are two kinds of Beneficial Shareholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or “OBOs”; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or “NOBOs”. Martinrea may utilize the Broadridge QuickVote™ service to assist Beneficial Shareholders that are NOBOs with voting their Common Shares. NOBOs may be contacted by Laurel Hill to conveniently obtain a vote directly over the telephone.

## BUSINESS OF THE MEETING

1. **TO RECEIVE** the consolidated financial statements of the Company for the year ended December 31, 2016, together with the report of the auditors thereon;
2. **TO ELECT** directors of the Company;
3. **TO REAPPOINT** auditors and authorize the directors to fix the auditors’ remuneration;
4. **TO VOTE**, in an advisory, non-binding manner, on Martinrea’s approach to executive compensation described herein; and
5. **TO TRANSACT** such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

## FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the fiscal year ended December 31, 2016 and the report of the auditors thereon are provided in the Company’s 2016 Report to Shareholders for the financial year ended December 31, 2016, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

The board of directors of the Company (the “Board” or “Board of Directors”) presently consists of eight (8) directors, to be elected annually. In accordance with the *Business Corporations Act* (Ontario) (the “Act”), the directors are authorized from time to time to fix the number of directors, between a minimum of three and a maximum of ten persons, without the prior consent of shareholders. The number of directors to be elected at the Meeting has been fixed by the Board of Directors at eight (8) persons. **Unless the shareholder directs that its Common Shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed form of proxy will vote for the election of the eight (8) nominees whose names are set forth below.** Management does not contemplate that any of the following nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy shall have the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting or until his or her successor is duly elected or appointed. Each of the nominees will be voted on individually.

The directors of a corporation are elected by shareholders to act as stewards of the Company and to represent and oversee the interests of shareholders. The corporate governance of the Company is described below under “Corporate Governance”. The Board of Directors is responsible for overseeing management, appointing the Chief Executive Officer of the Company, and other duties. The directors have statutory and fiduciary obligations to act honestly and in good faith with a view to the best interests of the Company. The directors also have a duty of care in making decisions, including to be properly informed so that they can perform the tasks their position entails. The Board of Directors demands that these standards are met by its members at all times.

### **Board Skills and Expertise**

The Corporate Governance and Nominating Committee (“CGNC”) attempts to recruit candidates who have a diversity of skills, experience and perspectives which are relevant to the Company’s business. While the specific mix may vary from time to time and alternative categories may be considered in addition to or instead of those below, the following skills and types of experience are generally sought by the CGNC, and have been utilized in seeking additions to the Company’s Board:

- **Accounting/Audit:** accounting and audit expertise are valued in order to enable the Board to oversee management’s handling of financial and financial reporting matters, including by: critically assessing the Company’s financial performance and projections; understanding the Company’s critical accounting policies, as well as technical issues relevant to the internal and external audit; and evaluating the robustness of the Company’s internal controls.
- **Automotive:** as substantially all of the Company’s business is derived from sales within the automotive industry, the CGNC seeks candidates who possess a solid understanding of industry dynamics on a global and regional basis, preferably gained through management or board service with the Company’s customers, suppliers or competitors. Candidates with experience in capital-intensive manufacturing or industrial industries are also relevant, as experience gained in such industries is typically applicable to the automotive industry.
- **Finance/Financial Advisory:** the CGNC values candidates who have experience in senior financial roles and/or in financial advisory roles. Such experience enhances the Board’s oversight of financial performance, assists it in its assessment of strategic opportunities and risks and allows it to more effectively address issues relevant to capital and capital structure.
- **Governance/Board:** in light of the competing demands of stakeholders and the increasingly complex governance environment in which public companies operate, the CGNC values candidates who possess a sophisticated understanding of corporate governance practices and norms, and/or board expertise.
- **Larger Company Experience:** while experience with companies of different scale can be valuable, the CGNC has sought and is seeking candidates who have board, executive management and/or other applicable experience with companies that have revenues in excess of \$1 billion and are mid-cap or large-cap companies. The Company has grown significantly, and experience with larger companies is valued.
- **Legal/Regulatory/Public Policy:** the Company operates in, and is required to comply with, the laws of many countries around the world. Candidates who possess an understanding of legal systems and regulatory perspectives are valued by the CGNC since such experiences assist the Board in more effectively carrying out its compliance oversight responsibilities. Additionally, the CGNC values candidates with experience in relevant areas of government and public policy to support the Board in understanding the regulatory trends shaping the automotive industry and assessing the Company’s strategic response to such trends.
- **Mergers & Acquisitions (“M&A”):** the CGNC views board-level M&A expertise as critical to the Board’s ability to effectively fulfil its oversight responsibilities relating to corporate strategy, particularly since the Company has pursued in the past and in future intends to pursue strategic M&A opportunities in certain automotive product or geographic areas.



- **Innovation/Technology:** the Company has developed and is developing and bringing to market innovative automotive products and manufacturing techniques which have been significant contributors to the Company’s success, in product areas such as fluid systems, metal forming, aluminium casting and lightweighting in general. The CGNC seeks candidates with technological expertise and skill to support the Board in assessing the Company’s innovation efforts.
- **Risk Management:** the CGNC seeks candidates with practical expertise in enterprise risk management frameworks, systems, processes, tools and techniques, to assist the Board in understanding and assessing the risks and opportunities faced by the Company generally, including those inherent in its strategic initiatives.
- **Senior/Executive Leadership:** the CGNC seeks business and other leaders who have demonstrated leadership, mature judgment, operating success and an understanding of complex organizations in progressively challenging roles. Such individuals are believed to provide the most effective counsel to management, as well as critical oversight on behalf of stakeholders. Chief Executive Officer, Chief Financial Officer or Board/Committee Chair level experience is valued.
- **Strategy Development:** recognizing the importance of the Board’s oversight role with respect to corporate strategy, the CGNC seeks candidates who possess board, senior management and/or other experience in strategy development or analysis.
- **Talent Management/Compensation:** the CGNC values candidates with hands-on roles in developing, managing, compensating and motivating employees. Such skills and experience assist the Board in fulfilling its responsibility to ensure that the Company maintains effective incentive programs which attract, motivate and retain top talent, while at the same time reinforcing the Company’s strategic priorities. Talent management and compensation expertise also serve to align the Board with one of the Company’s key strategic priorities - leadership development and succession planning.

A skill matrix showing the skills, expertise and qualifications for each of the nominees is set forth below:

	Accounting/ Audit	Automotive/ Industrial	Finance/ Financial Advisory	Governance/ Board	Large Company Experience	Legal/ Regulatory/ Public Policy	Mergers & Acquisitions	R&D/ Innovation/ Technology	Risk Management	Senior/ Executive Leadership	Strategy Development	Talent Management/ Compensation	Professional Designation
Scott Balfour	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	MBA
Pat D’Eramo		✓	✓		✓			✓	✓	✓	✓	✓	BSME, MS
Roman Doroniuk	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	CPA, CA
Terry Lyons	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	MBA, ICD
Frank Macher	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	BSME, MBA
Fred Olson	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	BBA, ICD
Sandra Papatello		✓	✓	✓	✓	✓			✓	✓	✓	✓	BA, ICD
Rob Wildeboer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	LLB, LLM, MBA

## Nominee Independence

Six out of eight, or 75%, of the nominees for election at this Meeting are independent. A summary of the independence determination for each nominee is set forth below:

Nominee Name	Independent	Non-Independent	Basis for Determination
Scott Balfour	✓		No material relationship
Pat D'Eramo		✓	Management
Roman Doroniuk	✓		No material relationship
Terry Lyons	✓		No material relationship
Frank Macher	✓		No material relationship
Fred Olson	✓		No material relationship
Sandra Pupatello	✓		No material relationship
Rob Wildeboer		✓	Management

## 2016 Annual Meeting Vote Results

Each nominee elected at our 2016 annual meeting of shareholders received a substantial majority of votes “for” his or her election, as set forth in the table below:

	2016	
	Votes FOR (%)	Votes WITHHELD (%)
Scott Balfour	99.11	0.89
Pat D'Eramo	99.07	0.93
Roman Doroniuk	99.69	0.31
Terry Lyons	99.16	0.84
Frank Macher	99.69	0.31
Fred Olson	99.05	0.95
Sandra Pupatello	99.72	0.28
Rob Wildeboer	90.93	9.07

At the 2016 annual meeting of shareholders, KPMG, the Company’s auditors, were approved as auditors with 94.61% votes FOR.

At the 2016 annual meeting of shareholders, the Advisory Resolution on Executive Compensation was approved with 89.73% votes FOR.

## Background of Directors

The following table and the notes thereto state the names of all persons proposed to be nominated for election as directors, the date on which each of them first became a director of the Company, all positions and offices with the Company held by each of them and the principal occupation or employment of each of them. The approximate number of Common Shares, Deferred Share Units (“DSUs”), Restricted Share Units (“RSUs”) and Performance Share Units (“PSUs”) beneficially owned, directly or indirectly, by each of them as at the date of this Management Information Circular are set out in the table under “Director and Senior Executive Ownership of Shares and Deferred Share Units, Restricted Share Units and Performance Share Units”. All director nominees are current directors of the Company.

A brief biography of each of the director nominees follows the table. The biographical information set out below as to the principal occupation of and number of Common Shares owned by each of the nominees, not being within the knowledge of the Company, has been furnished by the nominees. The Company's standing committees are the Audit Committee, the Human Resources and Compensation Committee (the "Compensation Committee") and the CGNC, the members of such committees being indicated below. The Board of Directors also established a special committee of independent directors (the "Special Committee") in 2013, continuing to the present, to oversee the Company's response to allegations made and litigation brought by a former director and officer and the forensic investigation conducted by PricewaterhouseCoopers, all as described in the Company's press releases that are available on [www.sedar.com](http://www.sedar.com).

Name and Present Principal Occupation	Director Since	Positions with the Company
<b>Rob Wildeboer</b> Executive Chairman of the Board of Directors of the Company	September 10, 1996	Director, Executive Chairman of the Board
<b>Scott Balfour</b> <sup>(1), (2), (3), (4)</sup> Chief Operating Officer, Emera Incorporated	June 18, 2013	Director
<b>Pat D'Eramo</b> President and Chief Executive Officer of the Company	June 11, 2015	Director, President and Chief Executive Officer
<b>Roman Doroniuk</b> <sup>(1), (2), (3)</sup> Independent Consultant, Financial and Strategic Advisory Services	March 10, 2014	Director
<b>Terry Lyons</b> <sup>(1), (2), (3)</sup> Corporate Director Lead Director, Canaccord Genuity Group Inc.	February 1, 2014	Director
<b>Frank Macher</b> <sup>(1), (2), (3)</sup> Retired Chairman and CEO, Continental Structural Plastics	March 10, 2014	Director
<b>Fred Olson</b> <sup>(1), (2), (3), (4), (5)</sup> Retired President and Chief Executive Officer of Webasto Product North America	June 27, 2002	Director
<b>Sandra Pupatello</b> <sup>(1), (2), (3)</sup> Strategic Advisor: Industry, Global Markets and Public Sector, PWC	June 19, 2014	Director

- (1) Member of the Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Member of the CGNC.
- (4) Member of the Special Committee.
- (5) Lead Director.



**Rob Wildeboer**, 57, resides in Burlington, Ontario. He has been a director of the Company since September, 1996 and Chairman since September, 1997. He joined the Company as Executive Chairman in August, 2001, and as a full-time employee in January, 2002. He is a founder of the Company. Prior to joining the Company as a full-time executive, Mr. Wildeboer was a partner of Wildeboer Dellelce LLP, a law firm that practises corporate, securities and tax law that he co-founded in 1993; prior to that, Mr. Wildeboer had been a lawyer with Stikeman, Elliott LLP; an associate professor of law at Osgoode Hall Law School, where he taught corporate law and corporate finance; and a regulator with the Ontario Securities Commission. Mr. Wildeboer was director and Vice Chair of the Automotive Parts Manufacturers Association (APMA), retiring in 2015; is a director of the Canadian Automotive Partnership Counsel (CAPC) and co-chair of CAPC's Investment Committee; is a past member of the Science, Technology and Innovation Council of Canada, retiring in 2014; was a member of the Ontario Manufacturing Council; is Chair of the CEO Manufacturing Advisory Council of the Canadian Manufacturers and Exporters Association; was a member of the Economic Advisory Council to the Minister of Finance of Canada until 2015; is Chair of the Macdonald-Laurier Institute, a leading public policy think tank; is Vice-Chair of Cardus, a leading public policy think tank; and is involved with numerous charitable organizations. Mr. Wildeboer previously served as a director of Aecon Group Inc. (TSX : ARE) from 1993 to 2013, serving for many years as Vice-Chairman and Chair of Aecon's compensation committee. In 2012, he received the Queen Elizabeth II Diamond Jubilee Medal in recognition of his contributions to Canada. Mr. Wildeboer holds an undergraduate degree from the University of Guelph, a law degree from Osgoode Hall Law School, an MBA from York University and an LLM from Harvard University.

#### *CGNC's Recommendation of Mr. Wildeboer*

Mr. Wildeboer, the Company's Executive Chairman and a co-founder of the Company, is a management representative on the Board. He brings a deep and intricate knowledge of the Company's culture, key personnel, strategy, history and development, and relationships with key constituencies such as capital providers and governments, to the Board. See Schedule "C", "Mandate of the Board Chair". He has also been intimately involved in negotiating the purchase and financing of every acquisition in the Company's history, as the Company has been one of the fastest growing automotive parts companies in the industry. He has been involved in the automotive industry for many years in many roles, whether as a representative of the Company in negotiations or as an advisor to public policy makers and others. He has demonstrated an unwavering commitment to the best interests of the Company since its early days, and a commitment to integrity, leadership and promoting and protecting the interests of the Company's most important asset, its people. In 2014, Mr. Wildeboer was also heavily involved in the succession planning process for a new President and Chief Executive Officer of the Company, who would work with him to lead the Company in the pursuit of its vision and mission. Mr. Wildeboer has maintained a 100% attendance record as an active participant at all Board meetings since the inception of the Company. Mr. Wildeboer also brings a deep experience in board and committee work, and corporate governance, from a variety of public and private sector sources, as well as his background as a lawyer and executive. **The CGNC believes Mr. Wildeboer is a diligent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Wildeboer's re-election.**



**Scott Balfour**, 52, resides in Halifax, Nova Scotia. Mr. Balfour is currently the Chief Operating Officer of Emera Incorporated, a publicly listed (TSX: EMA) energy services company which owns and invests in electricity generation, transmission and distribution, gas transmission, and utility services and provides energy marketing, trading and other energy-related management services. Mr. Balfour is a seasoned business executive, with over 25 years of business experience in various roles. Previous to his position at Emera Incorporated, Mr. Balfour spent 17 years as the Chief Financial Officer and then President, as well as director, of Aecon Group Inc., now Canada's largest publicly traded infrastructure and construction company, which grew from a revenue base of \$63 million in 1994 when he joined Aecon to \$2.8 billion over his tenure, based on significant organic growth and growth through successful acquisitions. Mr. Balfour is also the past chair of the Ontario Energy Association, and prior to his tenure at Aecon was an account manager with increasing responsibilities at two of Canada's leading banks. Mr. Balfour has considerable M&A experience, has strong expertise in all types of financing, including public and private debt and equity, and is an experienced public company executive with chief financial officer, senior executive and director experience. Mr. Balfour holds an undergraduate degree in business administration (honours) from Wilfrid Laurier

University and an MBA from the University of Western Ontario. Mr. Balfour is Chair of the Audit Committee, a member of the Compensation Committee and CGNC, and co-Chair of the Special Committee.

*CGNC's Recommendation of Mr. Balfour*

Mr. Balfour brings to the Board financial, operational, M&A and public company chief financial officer, senior executive and director experience. He also has a strong understanding of debt and equity capital markets and audit committee work, including risk. He has a deep understanding of growing a business, and the need to structure a company's systems to manage that growth. Mr. Balfour has been very involved with the work of each committee of the Board on which he sits. He has been an active, effective and engaged participant in all Board and committee meetings since he joined the Board in 2013, and has gained a detailed knowledge of the Company's financial and operational structure and systems. **The CGNC believes Mr. Balfour is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Balfour's re-election.**



**Pat D'Eramo**, 54, resides in Toledo, Ohio. He joined the Company as President and Chief Executive Officer in November, 2014 and was elected to the Board of Directors in June, 2015. Mr. D'Eramo has had a long and successful career in the automotive business, with extensive metalforming and parts manufacturing experience. Most recently, he has been the President of Dana Corporation's Commercial Vehicle Technology group, leading the global heavy truck driveline business, with presence in the Americas, Europe, India, Australia and a major joint venture in China. Previously, he was the Chief Manufacturing Officer, Asia Pacific, North America and South America and President North America for Benteler Automotive, a world leading automotive metalforming company. As President, Mr. D'Eramo was responsible for manufacturing, engineering, purchasing, logistics, sales and business development. From 2001 to 2009, Mr. D'Eramo worked for Toyota, serving as a Vice President of manufacturing after holding several general manager roles. As Vice President, he had responsibility for all vehicle manufacturing operations in Toyota's Georgetown, Kentucky assembly plant, Toyota's second largest facility globally, which earned JD Power quality awards for one of the best facilities for quality in the world. Prior to that, Mr. D'Eramo spent 16 years with General Motors working in a variety of manufacturing positions, including plant manager of GM's metal fabricating division in Oshawa, Ontario and manager of the stamping plant for NUMMI, the joint venture of GM and Toyota. Mr. D'Eramo began his automotive career at Saturn Corporation. Mr. D'Eramo earned a Bachelor of Science degree in mechanical engineering from Michigan State University and a master's degree in manufacturing management from Kettering University. He also completed the Toyota Executive Development Program through The Wharton School of the University of Pennsylvania.

*CGNC's Recommendation of Mr. D'Eramo*

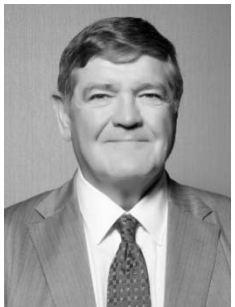
Mr. D'Eramo is a management representative on the Board. He brings a deep and intricate knowledge of the automotive industry to the Board, and, as the Chief Executive Officer of the Company, has full responsibility for the day-to-day operations of the Company's business in accordance with its strategic plan as approved by the Board. See Schedule "H", "Position Description for the Chief Executive Officer". He, along with the Executive Chairman, has the responsibility to lead the Company to fulfill its vision, to achieve its mission, and to operate the business in accordance with its guiding principles. Since joining the Company, Mr. D'Eramo has attended and has been an active, effective and engaged participant in all Board meetings and has developed a good understanding of Board activities and roles. He is also intimately familiar with the Company's operations, personnel, customers and overall business. **The CGNC believes that Mr. D'Eramo is a diligent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. D'Eramo's re-election.**



**Roman Doroniuk**, 59, resides in Toronto, Ontario. Mr. Doroniuk currently operates his own financial and strategic advisory services business. He is a Chartered Professional Accountant with over 30 years of business experience and is a recognized expert in restructurings and financial advisory work. Previously, he has served as Chief Operating Officer of Magna Entertainment; Executive Vice President, Strategic Planning of Magna International; President and Chief Operating Officer of Lions Gate Entertainment; Chief Financial Officer of Alliance Communications; and Chief Operating Officer and Chief Financial Officer of People's Jewellers Corporation, among other executive positions. Mr. Doroniuk has served as audit committee chair of several public companies. Mr. Doroniuk also serves as the special receiver of Livent Inc. He presently serves as a director of several corporations, including Aimia Inc. (TSX : AIM), where he also serves as Audit Committee Chair. His previous board positions include The Forzani Group, Canadian Airlines Corporation, Lions Gate Entertainment and Peoples Jewellers. Mr. Doroniuk is Chair of the Compensation Committee, and a member of the Audit Committee and CGNC.

*CGNC's Recommendation of Mr. Doroniuk*

Mr. Doroniuk brings to the Board financial expertise, including of forensic review, a dedication to Audit Committee excellence, and a strong understanding of strategy and risk. He has been involved with many large companies in a variety of roles, whether internally as a strategic advisor, Chief Executive Officer or Chief Financial Officer, or whether in an oversight role as a director, Audit Committee member or Chair, or Chief Restructuring Officer. Mr. Doroniuk was employed by and has been a strategic advisor to a large automotive parts company. Mr. Doroniuk joined the Board of Directors in 2014 upon recommendation of the CGNC, after consultation with several shareholders and others, and has been an active, effective and engaged participant in all Board and committee meetings, and has been busy with the affairs of the Company, including, as Chair of the Compensation Committee, focusing on succession planning for the CEO level. **The CGNC believes that Mr. Doroniuk is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Doroniuk's re-election.**



**Terry Lyons**, 67, resides in Vancouver, British Columbia. Mr. Lyons has over 40 years of experience in the development, financing and management of natural resource, manufacturing, real estate and merchant banking companies. He is a member of and holds the ICD.D from the Institute of Corporate Directors. Mr. Lyons currently serves as the lead independent director and chairman of the Audit Committee of Canaccord Genuity Group Inc., as well as a director of Canaccord's subsidiaries in the U.K., U.S., Canada, Australia and Asia. He is also a director and chairman of Sprott Resource Holdings Inc. and a director and chairman of Polaris Materials Corporation. Mr. Lyons is past chairman of Northgate Minerals Corporation, which was acquired by Aurico Gold creating a new mid-cap gold company with a value of over \$2.5 billion, and Eacom Timber Corporation that was sold to a private equity firm for \$300 million. Mr. Lyons spent many years as a Managing Partner of Brookfield Asset Management, one of Canada's largest asset management companies, and as President of B.C. Pacific Capital Corporation, a senior merchant and investment banking company in the Brookfield Group. Mr. Lyons is a Civil Engineer (UBC) with an MBA from the University of Western Ontario. Mr. Lyons is Chair of the CGNC and a member of the Audit Committee and Compensation Committee.

*CGNC's Recommendation of Mr. Lyons*

Mr. Lyons brings to the Board a broad range of operational, financial and governance experience. He is a specialist in corporate governance with his involvement in the Institute of Corporate Directors and his board experience with a governance focus, whether as a chairman of the board, lead director or chair of audit or governance committees. He has significant large company experience and also broad international exposure, working with companies with international operations. He also has a deep understanding of the capital markets, whether debt or equity, and audit committee work, including risk. Mr. Lyons joined the Board of Directors in early 2014 upon recommendation of the CGNC, after consultation with several advisors and shareholders, and thereafter was appointed to the CGNC, which he now chairs. Mr. Lyons has been an active, effective and engaged participant in all Board and committee meetings, and has been busy with the affairs of the Company, including, as Chair of the CGNC, working with other Board members, focusing on the constitution of the board. **The CGNC believes that Mr. Lyons is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Lyons' re-election.**



**Frank Macher**, 75, resides in Detroit, Michigan and Naples, Florida. Mr. Macher is an expert in strategic and business planning, advanced technologies, product development and manufacturing, and is a recognized leader in the automotive supplier industry with a career spanning over 45 years. Mr. Macher is the recently retired Chairman and CEO of Continental Structural Plastics, a leader in structural composites, and CEO and Managing Partner of the CERES Group, an advisory firm to automotive suppliers. He retired from Continental Structural Plastics effective April 1, 2017, after having successfully restructured and sold the company to Teijin, a diversified chemical and materials company in Tokyo, Japan. Mr. Macher now serves as Senior Advisor to Teijin's executive management. Previously, Mr. Macher has served as President and CEO of Collins & Aikman, Chairman and CEO of Federal Mogul

Corporation, and President and CEO of ITT Automotive, all multi-billion dollar automotive parts companies. Earlier in his career he spent 30 years at Ford Motor Company, holding a variety of increasingly senior executive positions, including Vice President of the Automotive Components Group (an \$11 billion operation and predecessor to Visteon), Director of Corporate Quality, Chief Engineer - Interiors, and General Manager of two divisions. He has overseen global operations, including the establishment of multiple joint ventures in China. He has been a board member of multiple companies, including Mazda Corporation, Federal Mogul, Decoma, Collins & Aikman and Tenneco Corporation. Mr. Macher has also served on the MIT Leaders for Manufacturing Board, Stanford Industrial Manufacturing Advisors, and Board of Trustees for Kettering University. Mr. Macher has lectured in the MBA programs at Harvard University, and Dartmouth, and currently guest lectures on an annual basis at Georgetown University. Mr. Macher holds a BSME from Kettering University, and an MBA from Michigan State University. Mr. Macher is a member of the Audit Committee, Compensation Committee and CGNC.

#### *CGNC's Recommendation of Mr. Macher*

Mr. Macher brings to the Board a deep, intimate knowledge of the automotive and automotive supplier industry, having had vast experience as a senior executive and director at several major automotive supplier companies, some of the largest in the industry, and at Ford Motor Company, one of the Company's largest customers. Mr. Macher has been Chief Executive Officer or equivalent at several companies, with tremendous operational experience. He is a recognized expert in strategic and business planning, advanced technologies, product development and manufacturing processes and operations, and has shared his skills with many teaching and advisory assignments. Mr. Macher also has significant international experience, including Asia and Europe. Mr. Macher joined the Board of Directors in 2014 upon recommendation of the CGNC, after consultation with several shareholders and others, has been an active, effective and engaged participant in all Board and committee meetings, and has been busy with the affairs of the Company. **The CGNC believes that Mr. Macher is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Macher's re-election.**



**Fred Olson**, 70, resides in Rochester Hills, Michigan. Until the end of 2007, he was the President and Chief Executive Officer of Webasto Roof Systems Inc. and until June, 2009, was the President of Webasto Product North America, the North American subsidiary of Webasto AG of Stockdorf, Germany. Webasto is the worldwide leader in developing and manufacturing innovative roof and thermo systems for passenger cars and light truck vehicles. Mr. Olson was responsible for all car and truck platforms produced in the United States, Canada and Mexico. Prior to July 2000, Mr. Olson was Vice-President, Operations and Chief Operating Officer of Webasto Sunroofs, Inc. which was a joint venture between Webasto AG and Magna International Inc. In July, 2000, Webasto AG purchased Magna's 50% share in Webasto Sunroofs, Inc. Prior to that, Mr. Olson held a variety of senior management positions

with increasing responsibility with several leading automotive manufacturers, including Dortec Industries, TRW, Chrysler and American Motors. Mr. Olson is a past member of the Board of Directors for three of the operating companies within Webasto. He has operated a casting facility as a general manager, experience relevant to the business of Martinrea Honsel, the Company's aluminium products subsidiary, where Mr. Olson sits on the board and routinely visits its operations. Mr. Olson has a BBA from Lambton College. He successfully completed the Directors Education Program from the Institute of Corporate Directors which is provided by the Rotman School of Management at the University of Toronto in 2011. Mr. Olson is the Lead Director and a member of the Audit Committee, Compensation Committee and CGNC as well as a co-Chair of the Special Committee.

*CGNC's Recommendation of Mr. Olson*

Mr. Olson brings to the Board a deep, intimate knowledge of the automotive and automotive supplier industry, having over 45 years' experience in a variety of operational and executive roles with several major automotive supplier companies that are leaders in their product areas, and at Chrysler, one of the Company's largest customers. Mr. Olson has been a board member for many years, and Lead Director for the past several years, and has an intimate knowledge of the history of the Company and its development. He has been involved in the review of every acquisition made by the Company since mid-2002, including the review of operational due diligence, and provides his expertise as a director of Martinrea Honsel. Mr. Olson has been very involved with the work of the Special Committee as a member thereof, and the work of the Board. He has been an active, effective and engaged participant in all Board and committee meetings, and has been busy with the affairs of the Company. **The CGNC believes that Mr. Olson is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Olson's re-election.**



**Sandra Papatello**, 54, resides in Windsor, Ontario. She was elected as a director at the Company's annual general and special meeting in 2014. Ms. Papatello is past Chair of Hydro One, the Province of Ontario's crown corporation responsible for electrical transmission, which is Canada's largest transmission company. She is a Strategic Advisor, Industry, Global Markets and Public Sector, PricewaterhouseCoopers and was previously also the Chief Executive Officer of the Economic Development Corporation of Windsor and Essex County. Previously Ms. Papatello served as a member of the provincial parliament of the Province of Ontario for 16 years, including leadership roles as a Member of the Premier's Executive of Cabinet. In 2003, she was appointed to cabinet as Minister of Community and Social Services with responsibility for Women's Issues. She was the Ontario Minister of Economic Development & Trade from 2006 to 2011 and Ontario's Chief Investment Officer, her agency

being awarded the top ranking in North America for economic development and for foreign direct investment in 2011. In this role, Ms. Papatello was a leading advocate for, as well as participant in, the Canadian automotive industry, and was a member of the Canadian Automotive Partnership Council (CAPC). In 2008 and 2009, as Minister, she was heavily involved in providing assistance from the Government of Ontario to General Motors and Chrysler in order for them to continue operations. As Minister, she has signed strategic trade and sectoral investment cooperation agreements in important global markets including China, the European Union, Mexico and Brazil, all markets in which the Company operates. Ms. Papatello was previously the Minister of Education and Minister of Community & Social Services for the Province of Ontario. In 2012, Ms. Papatello was appointed by the federal government of Canada to review Canada's aeronautical and space industry and programs affiliated with it, which report was tabled publicly in December 2012. Ms. Papatello holds a B.A. (Hons) from the University of Windsor, has an Honorary Doctorate of Laws from the University of Windsor and has won multiple awards for her public service and leadership. She has also successfully completed the Directors Education Program from the Institute of Corporate Directors which is provided by the Rotman School of Management at the University of Toronto in 2011. Ms. Papatello is a member of the Audit Committee, Compensation Committee and CGNC.

*CGNC's Recommendation of Ms. Papatello*

Ms. Papatello brings to the Board a deep knowledge of the political sector and has been involved in the automotive industry, as a regulator, an investor of public funds and an advocate for many years. She has worked with every leading automotive and automotive parts company in the Province of Ontario and has encouraged and negotiated investments by GM, Ford, Chrysler, Honda and Toyota, all customers of the Company. She has broad experience in other government roles as well, and brings to the Board great international experience, having led investment and trade missions to industrial capitals on five continents. She has been an active, effective and engaged participant in all Board and committee meetings, and has been very busy with the affairs of the Company. **The CGNC believes that Ms. Papatello is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Ms. Papatello's re-election.**



## Director and Senior Executive Ownership of Shares and Deferred Share Units, Restricted Share Units and Performance Share Units

Each of the directors of the Company is required to own Common Shares or share equivalents within a period of time, as described below.

In May 2013, to promote shareholder alignment, the directors adopted a new Director Share Ownership Policy, which requires that each director hold no less than three times the then director's annual retainer in Common Shares, such shares to be acquired within five years from the later of the policy's introduction in May 2013 or the date upon which a director joins the Board. With changes in the Company's approach to director compensation (see "Director Compensation"), the Company has increased the threshold level to three times the base cash retainer, or \$300,000. In 2016, the directors adopted a new Director Deferred Share Unit ("DSU") Plan (the "DSU Plan") and adopted a policy, effective January 1, 2016 (see "Director Compensation"), requiring that at least 50% of a director's annual retainer is to be paid in DSUs. DSUs are counted towards the Director Share Ownership Policy. In determining whether each director meets the requirements of the Director Share Ownership Policy, the greater of cost or current fair market value of the Common Shares is used. For DSUs the greater of the value on the grant date or current fair market value is used. As of the date of this Management Information Circular, each of the directors of the Company meets or has time remaining to meet the requirements of the Director Share Ownership Policy. As management members of the Board, Mr. Wildeboer and Mr. D'Eramo are required to adhere to the Executive Share Ownership Policy. Please see the section entitled "Executive Share Ownership Policy" under "Executive Compensation" in this Management Information Circular for further details.

The following table sets out the number of Common Shares, DSUs, RSUs and PSUs held by director nominees as at May 12, 2017.

Director	Director Since	Shares <sup>(1)</sup>	DSUs, RSUs and PSUs	Total Shares and Share Units	Total at Risk Value of Shares and Share Units <sup>(2)</sup>	Meets Requirement
Scott Balfour	June 18, 2013	40,000	16,525	56,525	\$653,994	Yes
Pat D'Eramo	June 11, 2015	107,976	27,232 <sup>(3)</sup>	135,208	\$1,564,357	Yes
Roman Doroniuk	March 10, 2014	10,000	16,525	26,525	\$306,894	Yes
Terry Lyons	February 1, 2014	2,004	16,525	18,529	\$214,381	Yes
Frank Macher	March 10, 2014	15,000	16,525	31,525	\$364,744	Yes
Fred Olson	June 27, 2002	24,567	16,525	41,092	\$475,434	Yes
Sandra Papatello	June 19, 2014	10,000	16,525	26,525	\$306,894	Yes
Rob Wildeboer	September 10, 1996	450,000	27,232 <sup>(3)</sup>	477,232	\$5,521,574	Yes

(1) The number of Common Shares owned by each director nominee, not being within the knowledge of the Company, has been furnished by the nominees.

(2) The "Total at Risk Value of Shares and Share Units" is based on the closing price of the Common Shares as of May 12, 2017 of \$11.57 per Common Share multiplied by the total shares and Share Units outstanding.

(3) Represents Messrs. Wildeboer and D'Eramo's RSUs and PSUs granted in April 2017, assumes PSU (at target) and all RSUs and PSUs are fully vested.

As at the date of this Management Information Circular, the directors and senior officers of the Company as a group, directly and indirectly, beneficially own or exercise control or direction over 1,116,163 Common Shares, representing approximately 1.3% of the issued and outstanding Common Shares. In addition, directors and senior officers hold options to acquire Common Shares, certain senior officers hold RSUs and PSUs, and independent directors hold DSUs.

Other than as set forth herein, none of the proposed directors:

- (a) is, as at the date of the Management Information Circular, or has been, within 10 years before the date of the Management Information Circular, a director or chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity,
  - (i) was the subject of an order (as defined in National Instrument 51-102F2) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer, or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer, or chief financial officer; or
- (b) is at the date hereof, or has been within 10 years before the date of this Management Information Circular, a director or executive officer of any company (including the Company) that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Terry Lyons was the President and a director of FT Capital Ltd. (“FT”), which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec for failure to file financial statements for the financial years ended December 31, 2001 and subsequent periods. At the request of Brascan Financial Corporation (now Brookfield Asset Management Inc. (“Brookfield”)), Mr. Lyons joined the board of FT and was appointed its President in 1990 in order to assist in its financial restructuring. In June 2009, FT was wound up and Mr. Lyons resigned as a director. Mr. Lyons was also a director of Royal Oak Ventures Inc. (“Royal Oak”) at the request of Brookfield which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Quebec due to the failure of Royal Oak to file financial statements since the financial year ended December 31, 2003. After restructuring, the cease trade orders were lifted on July 4, 2012. Effective January 1, 2014, Brookfield took Royal Oak private and Mr. Lyons resigned as a director. Mr. Lyons was elected to the board of directors of Royal Oak and FT because of his valuable experience and expertise in financial restructuring in the insolvency context.

The information as to cease trade orders and bankruptcies, not being within the knowledge of the Company, has been furnished by the directors and executive officers, respectively.

## **CORPORATE GOVERNANCE**

### **General**

The Board of Directors is committed to fostering a healthy governance culture at the Company. The Company believes that a healthy governance culture requires that directors be informed of both internal corporate and external developments that may affect the business and affairs of the Company and that an atmosphere of open communication, trust, candour, healthy debate and even constructive dissent be part of the corporate decision making and directorial oversight process.

Although mindful of evolving views with respect to governance issues and incorporating those governance issues that the Board determines to be in the best interests of the Company into its governance practices, the Board believes that mere formulaic or structural approaches to corporate governance issues, such as numerical guidelines for outside directors, number of directors, director age, number of committees, director incentive programs, number of formal meetings, and similar requirements are not themselves sufficient and, in some cases, not particularly helpful in ensuring that the board of directors of a public corporation fulfils its mandate of properly supervising the management of the Company, addressing potential conflict of interest situations and, in general, representing the interests of shareholders to encourage what they ultimately want, namely, good and proper corporate performance. Directors have statutory and fiduciary obligations to act honestly and in good faith with a view to the best interests of the Company. They also have a duty of care in making decisions, including to be properly informed so they can perform the tasks their position entails. The Board of Directors demands that these standards are met by its members at all times. The Board’s authority is exercised in accordance with the law: (i) the *Business Corporations Act* (Ontario); (ii) the Company’s articles of incorporation and by-laws; (iii) the Company’s Code of Ethics and Business Conduct (the “Code of Conduct”); (iv) the charters of the Board and the Board committees; and (v) other applicable laws and regulations including those of the Canadian Securities Administrators (“CSA”) and the TSX (on which the Company’s Common Shares are listed).

The Board approves all material decisions that affect the Company and its subsidiaries before they are implemented. The Board delegates to management the authority and responsibility for the day-to-day affairs of the Company and reviews management's performance. The Board expects management to manage the Company in a manner that enhances shareholder value, is consistent with the highest level of integrity and is within the law.

The Company's corporate governance practices are designed to ensure that the business and affairs of the Company are effectively managed to promote and enhance shareholder value. The Company believes that its Board of Directors, including through participating directly in planning and implementation, has been actively involved in oversight of the Company's business. Management has been able to draw assistance from individual board members, and seek advice from the Board of Directors as a whole, when circumstances require it.

Over the past several years, both management and the Board of Directors have closely monitored and, where appropriate, responded to Canadian regulatory developments aimed at improving corporate governance, increasing corporate accountability and maximizing the transparency of public company disclosure. The Board seriously considers corporate governance trends, and interests of shareholders directly or as represented by proxy advisory firms when fulfilling its fiduciary obligations, and incorporates those trends that are in the best interests of the Company as a whole. It has also retained outside advisors to assist in various corporate governance considerations.

In the course of making recent additions of independent directors to the Board, members of the Board, including the Chair of the CGNC and the Chairman, have sought advice from many shareholders and other stakeholders.

### **CSA Guidelines**

The Board of Directors remains committed to the highest standards of integrity, fiduciary duty, corporate governance and performance and in exercising its business judgment will consider all relevant factors in nominating directors.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines* (NP 58-201, together with NI 58-101, the "CSA Guidelines") set out a series of guidelines for effective corporate governance. Under the CSA Guidelines, the Company must disclose on an annual basis the corporate governance practices it has adopted. In this section, the Company summarizes such practices.

The CSA Guidelines as well as the evolving best practices in corporate governance, including the requirements of National Instrument 52-110 - *Audit Committees* ("NI 52-110") and changes to executive compensation disclosure, are considered by the Board in the context of the Company's objectives in order to implement the most effective corporate governance policies and practices for the Company. Under NI 52-110, a director is "independent" if he or she has no direct or indirect material relationship with the issuer. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a director's independent judgment. By reference to NI 52-110, the CSA has established a specific list of material relationships which compromise a director's independence. The Company applies the standards set out in the CSA Guidelines, with a view to apprising investors of the Company's "best practices" approach to responsible corporate governance.

The Company is also subject to the requirements of Canadian provincial securities legislation, including those relating to the certification of financial and other information by the Company's principal executive officer and principal financial officer; oversight of the Company's external auditors; enhanced independence criteria for audit committee members; the pre-approval of permissible non-audit services to be performed by the Company's external auditors; and the establishment of procedures for the anonymous submission of employee complaints regarding the Company's accounting practices (commonly known as whistleblower procedures). In its consideration of evolving best practices in corporate governance matters, among other matters discussed below, the Company has:

- (i) adopted and updated the Code of Conduct;
- (ii) established a confidential procedure for the anonymous submission to the Audit Committee of employee complaints regarding the Company's accounting practices and violations of compliance policies such as the Code of Conduct (the "Whistleblower Policy");

- (iii) established policies and procedures for audit committee pre-approval of services provided by the independent auditor (“Independent Auditor Engagement Pre-Approval Policies and Procedures”);
- (iv) amended and updated the charter for the audit committee (the “Audit Committee Charter”), which prescribes the Audit Committee’s Mandate;
- (v) updated the charter for the Compensation Committee;
- (vi) added a charter for a corporate governance and nominating committee, established in 2013;
- (vii) established a “lead director” position;
- (viii) established equity ownership requirements for members of the Board of Directors as discussed in the section “Election of Directors–Director and Senior Executive Ownership of Shares and Share Units” and for its senior executives as discussed in the section entitled “Executive Share Ownership Policy” under “Executive Compensation”;
- (ix) ensured that a majority of independent directors sit on the Board of Directors and that all Board committees are comprised exclusively of independent directors;
- (x) retained outside compensation consultants to assist in reviews of compensation and benchmarking analysis;
- (xi) adopted a DSU Plan for independent directors;
- (xii) adopted a PRSU Plan for senior executives;
- (xiii) held in camera sessions at all director and committee meetings;
- (xiv) encouraged and facilitated attendance of director meetings, such that directors had an exemplary attendance record at Board and committee meetings;
- (xv) initiated a formal director performance review process;
- (xvi) in 2014 the Board added four independent directors, consulting with many shareholders of the Company in the process;
- (xvii) in 2015 adopted a Diversity Policy and a Majority Voting Policy; and
- (xviii) in 2016, introduced an advisory, non-binding vote on the Company’s approach to executive compensation.

Further, since 2010, the Board has overseen a succession planning process for certain senior executive positions.

For convenience, copies of the Company’s Code of Conduct, Board Mandate, Board Chair Mandate, Lead Director Mandate, Compensation Committee Charter, CGNC Charter, Audit Committee Charter and Position Description for the Chief Executive Officer are attached as schedules hereto.

### **Code of Conduct**

In November 2005, the Company approved the Code of Conduct in light of its continued commitment to honesty and integrity in the conduct of its business. The Code of Conduct applies to all its directors, officers and employees, including its Chief Executive Officer, its Chief Financial Officer and all employees of the Company’s subsidiaries. The Code of Conduct, as updated, is attached as Schedule “A” hereto. The Board and officers of the Company are responsible for ensuring compliance with the Code of Conduct. The Board reviews the Code of Conduct on an annual basis and has delegated supervision of compliance to the Audit Committee, and the appropriate officers of the Company. The Company has adopted a Whistleblower Policy that provides a channel for individuals to express concerns, questions, or observations of misconduct, unethical behaviour, and/or noncompliance directly and anonymously to the Company’s Vice President Legal or Audit Committee Chairman or to anonymous ethics hotlines. The Company has incorporated compliance with the Code of Conduct into its internal controls, monitors compliance on an ongoing basis, and has developed training to help its employees and executives understand the principles in the Code of Conduct. The Company also has adopted an Employee Bill of Rights which allows complaints to be made directly to the Chief Executive Officer of the Company, without fear of reprisal or retaliation. Complaints are encouraged to be resolved quickly. The Board feels that an open door policy encourages and fosters a culture of ethical conduct within the Company. Furthermore, the Company has adopted an Anti-Bribery and Corruption Policy specifically prohibiting bribery of foreign political officials (in addition to its pre-existing broad prohibition against bribery) and an Anti-Trust Policy prohibiting violation of anti-corruption laws.

## **Mandate of the Board of Directors**

The mandate of the Board of Directors is to oversee the management of the business of the Company by the senior officers of the Company and includes the following duties and responsibilities:

1. approving and monitoring the Company's overall strategy;
2. reviewing and approving strategic acquisitions, opportunities, investments, divestitures and alliances;
3. assessing the principal risks inherent to the businesses of the Company;
4. approving the appointment of senior officers, reviewing their performance against objectives approved by the Board of Directors from time to time, and overseeing the compensation policies of the Company;
5. overseeing the creation and implementation of appropriate succession plans for senior management;
6. reviewing the Company's public disclosure policies and practices;
7. reviewing and approving the Company's financial statements and related disclosures and recommendation of the Audit Committee;
8. reviewing and assessing the integrity of the Company's internal controls and management;
9. reviewing and assessing nominees to the Board of Directors on recommendations of the CGNC; and
10. reviewing and monitoring the corporate governance policies and practices of the Company.

A copy of the Board Mandate is attached as Schedule "B" hereto.

## **Composition and Independence of the Board of Directors**

The Board of Directors is currently comprised of eight (8) members. All but two of the eight (8) directors to be elected to the Board of Directors are independent, which the Board has determined is in the best interests of the Company. Since 2013, the Company has fulfilled its stated intention to renew and expand the Board of Directors over time through the addition of one or more independent directors. Since 2013, the Board has added the following independent directors: Mr. Scott Balfour in 2013, and Messrs. Terry Lyons, Frank Macher, Roman Doroniuk and Ms. Sandra Papatello in 2014. As a result, a total of eight (8) individuals are nominated for election at the Meeting. On an annual basis, the Board of Directors monitors and reviews the relationship of each director with the Company to consider whether or not such director is or remains independent, considering and applying the factors as outlined under the CSA Guidelines and NI 52-110 (which are discussed above). Of the eight (8) proposed directors, six are considered to be "independent" under the CSA Guidelines and in accordance with NI 52-110. The directors who are considered to be independent are Messrs. Scott Balfour, Roman Doroniuk, Terry Lyons, Frank Macher, Fred Olson and Ms. Sandra Papatello. The directors who are considered not to be independent are Messrs. Rob Wildeboer and Pat D'Eramo by virtue of the office assumed by them with the Company. The Board believes that a sufficient number of directors are independent of the Company, as six out of eight directors are independent, and no material corporate decision requiring director approval can be passed without the consent of at least three independent directors, and given the roles of the Audit Committee, the Compensation Committee and the CGNC, as well as the role of the Lead Director in the governance of the Company. At the Meeting, shareholders will be requested to elect a majority independent Board of Directors.

The Chairman of the Board of Directors is Rob Wildeboer. He is a full-time executive of the Company, and, therefore, not an independent director. Mr. Wildeboer, as the full time Executive Chairman of the Company, has particular responsibility for Board-related issues in addition to his participation in corporate activities as a senior executive. The mandate of the Chairman of the Board is attached hereto as Schedule "C".

To assist in fostering proper input of independent directors and independent director participation in Board decisions, in addition to and apart from Board committee mandates, where the Chairman of such committee will

perform the “lead director” role, the Board has established a Lead Director position. The Lead Director role has been established to ensure appropriate processes are followed. The Lead Director’s Mandate is attached as Schedule “D” hereto. The chairmen of each of the Board’s Committees, and the Lead Director, are “independent” within the meaning of NI 52-110 and, consequently, within the meaning of the CSA Guidelines. Fred Olson is the Lead Director. It is also noted that individual directors may retain outside advisors at the Company’s expense in appropriate circumstances with the approval of the Audit Committee. In addition, Board members are encouraged to independently review and comment on the business of the Company and the Board and management are constantly in contact regarding all matters. As discussed below formal board and committee meetings are regularly held, portions of which are reserved for discussion solely among the independent directors. Board Committees can and do meet and operate independently of management in fulfilling their mandates and making recommendations to the Board.

### **Directorships with Other Reporting Issuers**

Currently, the following directors serve on the boards of other public companies, as listed below:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>
Terry Lyons	Canaccord Genuity Group Inc. Sprott Resource Holdings Inc. Polaris Materials Corporation	TSX : CF TSX: SCP TSX: PLS
Roman Doroniuk	Aimia Inc.	TSX: AIM

For a fuller description of the board experience of each director nominee, see “Background of Directors”.

### **Majority Voting for Election of Directors**

The Board of Directors has adopted a “majority voting” policy. Pursuant to this policy, if a nominee for election as Director receives “for” votes fewer than a majority of the votes (50% + 1 vote) cast with respect to his or her election by Shareholders, he or she must immediately tender his or her resignation to the Board of Directors following the meeting of Shareholders at which the election is held. Upon receiving such resignation, the CGNC will consider it and make a recommendation to the Board of Directors on whether or not to accept the resignation. The Board of Directors shall accept the resignation absent exceptional circumstances and announce its decision in a press release promptly within 90 days following the meeting of Shareholders. If the Board of Directors determines not to accept a resignation, the press release must fully state the reasons for that decision. The resignation will be effective when accepted by the Board. The Director who tendered his or her resignation should not be part of any deliberations of any Committee or of the Board of Directors pertaining to the resignation offer.

The policy only applies in circumstances involving an uncontested election of Directors.

### **Retirement Policy and Director Term Limits**

The Company does not have a retirement policy and does not discriminate based on age. The Company considers it to be an integral role of the Board to assess director engagement, and fitness to be a director of the Company.

Similarly, the Board of Directors has not adopted a term limit for Directors. The Board is of the view that the imposition of arbitrary Director term limits may diminish the benefits derived from continuity amongst members and their familiarity with the industry, and could unnecessarily expose the Company to losing experienced and valuable talent. The Board’s renewal process is built around the concept of performance management. To that end, the Company relies on rigorous Director selection criteria and assessment procedures to ensure the quality and expertise of its Board. See “Election of Directors”.

## **Diversity Policy**

The Company has an aspirational desire to continuously improve the diversity of its management team and its Board. The Company does not discriminate against men or women, nor on the basis of other factors. It has long had anti-discrimination policies in place, an Employee Bill of Rights, and Ten Guiding Principles which emphasize that all personnel will be treated with dignity and respect. Notwithstanding that fact, the Company adopted a Diversity Policy for the Board of Directors and Executive Officers in 2015 (the “Diversity Policy”). The Board makes Director nomination decisions and the Chief Executive Officer and the Executive Chairman make executive officer appointment decisions based on merit. The Company remains committed to selecting the best person to fulfil these roles. At the same time, the Board believes that diversity (including, but not limited to, gender) is important to ensure that the profiles of Directors and members of the Company’s executive management provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to the Company’s success. The Company’s global growth plans assume cultural nimbleness and, competitively, the Company needs to continue to develop a brand and environment that appeals to the breadth of talent that will help the Company be successful. Diversity and inclusion are integral to making business personal inside the Company.

The Company believes that diversity is an important attribute of a well-functioning Board and an efficient team of executive officers. The Company recognizes that gender diversity is a significant aspect of diversity and believes women play an important leadership role in executing on the Company’s strategy, and this belief forms an important part of the focus of management in the appointment and recruitment of officers and the Board in the search and selection of nominee directors. It is noted that the most recent independent director elected to the Board, Sandra Pupatello, is a woman and a former Ontario cabinet minister responsible for women’s issues; and that three of the most recent Vice President officer appointments in the Company involved internal promotions of women into these roles. That being said, it should also be recognized that the Company’s business is in the automotive parts industry, which has a gender makeup which may be different than many industries or society at large and the promotion of women into certain key non-traditional executive positions may only occur over time.

The Board is comprised of one female Director out of eight, or 12.5%. Pursuant to the recently adopted Diversity Policy, the Board aspires to increase the percentage over time, as directors retire or a determination is made to expand the number of directors on the Board. The effectiveness of the Diversity Policy will be assessed over time. The Board does not support fixed percentages for any selection criteria, as the composition of the Board is based on the numerous factors established by the selection criteria and it is ultimately the skills, experience, character and behavioural qualities that are most important in determining the value which an individual could bring to the Board.

Women presently comprise three out of 24 executive officer positions (that is, Vice President or higher), or approximately 12.5%. To date, the Company has not set specific targets regarding the representation of women in executive officer positions. Specific targets for gender diversity have not been adopted for executive officers due to the small size of this group. However, the Company recognizes that diversity is an essential consideration in the selection process for new executive officers. The Company is implementing pro-active steps to increase the number of women in leadership positions over time, through implementation of diversity training, succession planning and other activities at all levels of management within the Company and through external candidate pools.

## **Board Committees**

The Board of Directors has established three standing committees of directors: the Compensation Committee, the CGNC and the Audit Committee. The Board of Directors has established a charter for each committee. From time to time, special committees of the Board of Directors may be appointed to consider specific issues, in particular, any issues that may involve related party transactions. In 2013, the Board established the Special Committee, whose work has continued, and in 2014 the Board established a CEO search committee, whose work commenced and was completed in 2014.

## **Board of Directors and Committee Participation**

During 2016, the Board of Directors held five (5) meetings. The Compensation Committee held six (6) meetings in 2016. The Audit Committee held four (4) meetings in 2016. The CGNC held four (4) meetings in 2016. The Special Committee held three (3) meetings in 2016. In addition, a committee member frequently represents the committee in meetings with outside advisors where appropriate. In a month where there is no formal Board meeting, the Chairman or Lead Director generally holds an update meeting with the independent directors. Further, in addition to formally scheduled meetings, the independent directors, who make up the entire membership of each of the Committees, have frequent meetings and discussions with management and amongst themselves. There were five (5) monthly or independent director update meetings and many discussions in 2016. In addition, a portion of each Board or Committee meeting is reserved for the independent directors to meet in private without the presence of non-independent directors or management.

The attendance of each of the directors of the Company at the meetings held in 2016 of the Board of Directors and Committees of the Board on which such director served are set forth under “Corporate Governance - Director Performance Review”. The Board recognizes the importance of attending Board and Committee meetings. Director meeting attendance for all Committee and Board Meetings was 100% in 2016.

All committees of the Board, which are made up exclusively of outside and independent directors, meet on a regular basis without management present. The Board of Directors has access to information independent of management through the Company’s auditor who reports to the Audit Committee. Also, the Board has the ability to retain consultants and financial advisors independent of management as deemed necessary or prudent. The specific responsibilities of the Board include reviewing and approving all major strategic decisions, including any change in the strategic direction of the Company and acquisitions and/or divestitures and other matters; reviewing and approving annual budgets, including capital expenditure plans; and reviewing and approving operating results for each quarter and year to date. As part of its ongoing activities, the Board regularly receives and comments upon reports of management as to the performance of the Company’s business and management’s expectations. The Board of Directors is, therefore, of the view that the appropriate structures and procedures are in place to ensure that it can function independent of management. See also “Composition and Independence of the Board of Directors”.

### **The Compensation Committee**

The Compensation Committee presently is comprised of six (6) members, all of whom are considered to be “independent” as determined under NI 52-110. The Compensation Committee in 2016 was comprised of Roman Doroniuk (Chair), Scott Balfour, Frank Macher, Terry Lyons, Fred Olson and Sandra Papatello.

The Compensation Committee oversees overall corporate policy with respect to compensation and benefits and makes recommendations to the Board of Directors on, among other things, the assessment of the performance and compensation of senior management and succession planning issues. In assessing compensation issues, the Compensation Committee reviews and examines in detail the performance of senior management. For its deliberations in 2016, see “Executive Compensation - Compensation Discussion and Analysis”.

In 2005, the Board of Directors approved a detailed Charter for the Compensation Committee. The complete text of the Charter, as amended and updated, is attached hereto as Schedule “E”.

The Compensation Committee and the Board as a whole periodically consider the compensation of directors and senior executives and the Compensation Committee brings the resulting suggestions to the Board for its consideration. The Board recognizes that excellent director and executive candidates must be appropriately compensated. The Board and the Compensation Committee have considered appropriate compensation levels and mechanisms in view of recent developments, and the results of this review were reflected in director and senior executive compensation. In 2015 and in 2016, Meridian Compensation Partners (“Meridian”) was retained in part for benchmarking of director and executive compensation, which is discussed further under “Director Compensation” and “Executive Compensation”.

The Compensation Committee met six times in 2016.



## **The Corporate Governance and Nominating Committee**

The Board created a stand-alone committee to deal with the nomination of new directors in late 2013, the CGNC, which makes recommendations to the Board as a whole. Currently, the CGNC consists of Terry Lyons (Chair), Scott Balfour, Roman Droniuk, Frank Macher, Fred Olson and Sandra Papatello. The CGNC is comprised entirely of independent directors to encourage an objective nomination process. The Board fosters ongoing open communication about all levels of corporate performance, including that of Board members. In the past, nominations for director candidates have resulted from, among other things, suggestions of the Company's shareholders and underwriters. The four directors added to the Board in 2014 involved extensive dialogue between members of the Board, including the Executive Chairman, shareholders and other advisors. If a new director nominee or new director is added to the Board, such nomination will be made and recommended to the full Board by the CGNC, in accordance with its core responsibilities under its Charter (see Schedule "F"), also including the considerations of the Company's Diversity Policy, Code of Conduct and the skills identified under "Board Skills and Expertise" above.

The CGNC met four times in 2016.

## **Succession Planning**

The Board, the Compensation Committee and the CGNC have been successful in developing and retaining a team of directors and executives that has driven the growth and success of the Company since it began its new direction in 2001. The Board, the Compensation Committee and the CGNC are responsible for the normal succession planning that occurs over time, such as recruiting and evaluating new executive and director talent, as well as developing internal candidates. This process includes an ongoing evaluation, at least on an annual basis with the involvement of management where appropriate, of the Company's leadership development strategies and a consideration of potential candidates, including of existing Company employees. The Executive Chairman and the Chief Executive Officer routinely discuss the strengths and gaps of key succession candidates, development progress over the prior year and future development plans, that include long range planning for executive development, to ensure leadership sustainability and continuity. The Company's philosophy of promoting from within strengthens the Company's values and culture and provides more options for succession. Formal succession planning has been implemented at key positions in the Company in furtherance of this goal. Members of the Compensation Committee and CGNC have opportunities to meet with members of the Company's management team.

## **Audit Committee**

The Audit Committee is presently composed of six (6) directors, all of whom are considered to be "independent" as defined in NI 52-110. The Company believes the oversight responsibility of the Audit Committee provides a key stewardship role for the Audit Committee in the Company's financial disclosure issues, internal controls, risk management, corporate finance and related matters.

In reviewing the audited financial statements of the Company, the Audit Committee discusses the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosure in the financial statements. In addition, the Audit Committee discusses with the Company's auditors the overall scope and plans for their audit. The Audit Committee meets with the auditors and the Chief Internal Auditor with and without management present, to discuss the results of their examination and the overall quality of the Company's financial reporting. The Audit Committee also carefully reviews evolving audit committee regulations and best practices to ensure corporate alignment with the spirit and intent of such regulations and practices.

The Audit Committee Charter is attached hereto as Schedule "G".

The Audit Committee is currently comprised of Scott Balfour (Chairman), Roman Droniuk, Terry Lyons, Frank Macher, Fred Olson and Sandra Papatello, all of whom are independent directors. The Board believes that the members of the Audit Committee are all financially literate and all of them have accounting or related financial experience. To make this determination, the Board has applied the definition of "financial literacy" prescribed by NI 52-110: meaning that an individual has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Further information regarding the Audit Committee is contained in the Company's Annual Information Form for the year ended December 31, 2016, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Audit Committee met four times in 2016.

### **Orientation of New Directors, Continuing Education and Strategic Planning Review**

The Board of Directors recognizes the importance of ongoing director education and orientation. Members of the Board of Directors are regularly updated on the Company's activities and operations. Tours of operating facilities, both in Canada and elsewhere, are regularly held. In addition, Board members meet with senior management of the Company to review the business and affairs of the Company on an ongoing basis. The Company undertakes an annual budget and business plan process in the Fall, which is attended by all directors. There are a significant number of committee and Board meetings. In months where no regularly scheduled committee or Board meetings occur, the Chairman or Lead Director holds an information session and update with the independent directors, generally with one or more senior executives present. The Lead Director provides input on agenda items and approves the agenda. In 2016, topics for presentation and discussion to deepen the Board's knowledge of the business, industry and key risks and opportunities facing the Company included financial and operational reviews; focused meetings on particular plant or divisional performance; visits to plants including a tour of five of the Company's facilities in Mexico; customer-related presentations; acquisition opportunities or divestitures; significant discussion and review of the automotive and economic environment; research and development initiatives; and so forth. The Company believes a director must be well informed and takes, in its view, extra measures to so inform them. Reports relating to the Company's business and affairs are provided to all directors. Typically, Board materials include information relating to current regulatory, accounting, security and financial issues, and the Board regularly discusses them at the Board and Committee level. Board members are also encouraged to enrol in continuing education courses, and have attended corporate governance seminars and programs aimed at director or audit committee education. All Board members have joined the National Association of Corporate Directors in the United States and the Institute of Corporate Directors in Canada, and receive regular updates on corporate governance developments. Fred Olson, ICD.D, the Lead Director, successfully completed the Directors Education Program from the Institute of Corporate Directors, provided by the Rotman School of Management and the University of Toronto, in 2011 as has Sandra Papatello, ICD.D. Terry Lyons, ICD.D, the Chair of the CGNC, was a director of the B.C. Chapter of the Institute of Corporate Directors for nine years. Rob Wildeboer, the Company's Executive Chairman, has significant board and advisory experience and periodically is asked to advise on matters of governance with accounting firms and government bodies. The Company's auditors and legal counsel also update directors on regulatory developments, and other accounting or legal matters which may affect the Company. The Company operates in the automotive industry, and industry developments are relevant to its business. Several of the Company's directors are industry experts; but all of the Company's directors are provided regular industry reports and publications, including material risks facing the industry. Most directors have attended an automotive conference in the last two years. All directors are provided copies of Martinrea News, an internal publication of the Company providing internal news updates.

The Board is responsible for the orientation and education of new directors. If and when a new director is appointed to the Board, the Board will provide appropriate orientation, including the measures taken for the ongoing education of the directors and a detailed introduction to the business of the Company as it has done for the current directors.

### **Director Performance Review**

The Board has a regular assessment process with respect to the effectiveness of the Board and its Committees, including in relation to the Board Mandate and Committee Charters, and the performance and contribution of individual directors, which includes a peer review. Assessment of the Board consists of a survey which is approved by the Chairman of the CGNC and assessment of directors consists of a peer-evaluation which is based on a questionnaire approved by the Chairman of the CGNC. The survey asks questions about what was done well and what could be done better and covers Board and Committee structure and composition, Board leadership, strategic planning, risk management, operational performance, Board education and Board processes and effectiveness. The results of the Board evaluation are analyzed and reviewed by the Chairman of the CGNC and the Lead Director, who consider whether any changes to the Board's processes, composition or committee structure are appropriate. Additionally, senior management is advised of any suggestions made by directors for enhancement of processes to support the work of the Board.

The Board of Directors also periodically considers and assesses its performance relating to its effectiveness, size, compensation policies and assessment of management performance. Each individual director is free to meet with the Chairman or Lead Director to discuss any concerns or issues regarding board effectiveness. The Company's standards and expectations for director participation and performance are set out above. As appropriate, the Board, through the Compensation Committee and the CGNC, considers procedural or substantive changes to increase the effectiveness of the Board and its committees or to respond to evolving governance standards.

The following table summarizes the attendance of directors at the 2016 Board meetings. Where a director is unable to attend a meeting, materials are still provided and the Chairman of the Board or the relevant committee, as applicable, follows up with such director as to matters discussed.

Director	Board Meetings Attended	Audit Committee Meetings Attended <sup>(1)</sup>	Human Resource And Compensation Committee Meetings Attended <sup>(2)</sup>	Special Committee Meetings Attended	Corporate Governance and Nominating Committee Meetings Attended <sup>(3)</sup>	Attendance Percentage
Rob Wildeboer	5/5	N/A	N/A	N/A	N/A	100%
Scott Balfour	5/5	4/4	6/6	3/3	4/4	100%
Pat D'Eramo	5/5	N/A	N/A	N/A	N/A	100%
Roman Doroniuk	5/5	4/4	6/6	N/A	4/4	100%
Terry Lyons	5/5	4/4	6/6	N/A	4/4	100%
Frank Macher	5/5	4/4	6/6	N/A	4/4	100%
Fred Olson	5/5	4/4	6/6	3/3	4/4	100%
Sandra Pupatello	5/5	4/4	6/6	N/A	4/4	100%

<sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> Management directors attend meetings of these committees if, as and when, invited.

### Chief Executive Officer Performance

The mandate for the Chief Executive Officer is attached hereto as Schedule "H". The Chief Executive Officer has full responsibility for the day-to-day operations of the Company's business in accordance with its business plan and budget. On an annual basis, the Company circulates a proposed business plan and budgets which are discussed and, if appropriate, adopted by the Board of Directors. These form the basis of the corporate objectives which the Chief Executive Officer is responsible for meeting. The Chief Executive Officer is accountable to the Board of Directors. The Compensation Committee assesses management's performance and reviews its compensation. See "Executive Compensation - Compensation Discussion and Analysis".

### Shareholder Feedback and Communication

The Company views its shareholders and investors as owners and partners, and senior management - the Chief Executive Officer and President, the Chief Financial Officer and the Executive Chairman - is committed to being accessible. These individuals comprise the Company's Disclosure Committee, and monitor all communications for consistency and coherence. The Company also communicates regularly with its shareholders through annual and quarterly reports. At the Company's annual general meeting of shareholders, a full opportunity is afforded for shareholders to ask questions concerning the Company's business. Each shareholder and investor inquiry receives a prompt response from an appropriate officer of the Company. Information about the Company, including annual reports and interim reports, is also available on the Company's website at [www.martinrea.com](http://www.martinrea.com) and at [www.sedar.com](http://www.sedar.com). In addition, the Company provides the opportunity for investors to pose questions to senior management, including

the Chief Executive Officer, the Executive Chairman and Chief Financial Officer, through direct telephone calls. Correspondence to the Company or any of its directors and officers can be sent to the following address:

3210 Langstaff Road  
Vaughan, Ontario  
L4K 5B2

### **Board of Directors' Expectations of Management, Strategic Planning Oversight and Risk Management Oversight**

Management is responsible for the day-to-day operations of the Company and is expected to implement approved strategic business plans and initiatives within the context of authorized budgets and corporate policies and procedures. The information which management provides to the Board of Directors is critical. Management is expected to report regularly to the Board of Directors in a comprehensive, accurate and timely fashion on the business and affairs of the Company. The Board of Directors monitors the nature of the information requested by and provided to it so that it can effectively identify issues and opportunities for the Company. The Chairman and the Lead Director oversee the operation of the Board in a manner that ensures the Board can be adequately informed and can be an effective monitor.

At the same time, the Board recognizes that the operations of the Company, its strategies and, ultimately, its success, will depend on management being successful. The Board's job is to monitor and supervise, not to manage and operate the business.

The Board of Directors, as part of its responsibilities, must establish a structure and procedure for good corporate governance. The Board has reviewed the Company's corporate governance practices with reference to the guidelines for effective corporate governance contained in NI 58-101 and NP 58-201. As a result, the Company has adopted a corporate governance plan outlining the roles and responsibilities of the Board, management and the various committees of the Board, as described herein.

Corporate governance guidelines change from time to time. The Board of Directors regularly monitors and will continue to monitor pending regulatory initiatives and developments in the corporate governance area.

### **Advisory Vote on Approach to Executive Compensation**

At the Meeting, Shareholders will have the opportunity to cast an advisory, non-binding vote on Martinrea's approach to executive compensation – this is often referred to as “say on pay”. Although the vote is non-binding, the Board of Directors will consider the results when assessing future compensation decisions.

The text of the resolution reads as follows:

**“Resolved, on an advisory basis and not to diminish the roles and responsibilities of the board of directors, that the shareholders accept the approach to executive compensation disclosed in this Management Information Circular.”**

The Company's approach to executive compensation is set out in detail in “Executive Compensation” below.

In considering an advisory vote on Martinrea's approach to executive compensation, the following provides a brief summary of compensation philosophy and features, as well as recent changes implemented in 2015, 2016 and 2017 to date:

#### **What We Do**

- Compensation approach is aligned with Martinrea's entrepreneurial system and ability to attract and retain key talent
- Strong alignment between pay and performance

- Executive compensation is cost effective according to benchmarking, and total compensation for senior executives is below median
- Base compensation is competitive with market median
- Significant compensation, including bonus and equity based incentives, is “at risk”; approximately 75% of CEO and Executive Chairman compensation is at risk and based on Company performance
- Use an appropriate peer group and benchmark to compare pay
- No pensions or retirement benefits
- Very limited perks
- Except for legacy Executive Chairman contract, maximum severance is two years and equity vests and severance is payable only on a “double trigger” basis with no enhanced severance
- Director and Executive share ownership requirements; robust Employee Share Ownership Plan for executives
- Deferred compensation plans have been developed for certain executives (RSUs, PSUs and options)
- Management may not hedge Company shares or equity based awards
- No director or officer loans; no guaranteed payments; no excessive benefits
- Compensation Committee is experienced and wholly independent, with independent compensation consultant.

#### **2015/2016/2017 Determinations and Changes**

The Compensation Committee had executive and director compensation benchmarked in 2015, and made the following determinations with respect to compensation or changes to executive or director compensation:

- Director compensation is competitive as compared to benchmarking group
- Director compensation effective 2016 became based on an all-inclusive retainer and a minimum of 50% of a director’s retainer being payable in DSUs
- Non-executive director options have been eliminated
- The Stock Option plan has been amended to clarify that option repricing is not permitted and that any options granted in future will have a minimum vesting period of 12 months and will vest over at least a three year period
- The Employee Stock Ownership Plan and ownership requirements have been continued and affirmed
- A new executive performance and restricted share unit plan, or PRSU Plan, was adopted in 2016, and in 2017 the Executive Chairman and Chief Executive Officer elected to receive 25% of their bonus compensation in the form of RSUs
- Compensation for the Chief Executive Officer, Executive Chairman and Chief Financial Officer was found to be low compared to the median of the market. Some adjustments have been made since that time, in 2016 for the Chief Financial Officer, and in 2017 for the Executive Chairman and Chief Executive Officer.

See “Executive Compensation”.

## **Board Recommendation**

The Board of Directors unanimously recommends that shareholders vote **FOR** the resolution relating to Martinrea's approach to executive compensation.

Unless otherwise instructed, the Martinrea officers whose names have been pre-printed on the form of proxy or Voting Instruction Form intend to vote **FOR** such resolution.

## **EXECUTIVE COMPENSATION**

In this Management Information Circular, a "Named Executive Officer" ("NEO") means: (i) the Company's Chief Executive Officer; (ii) the Company's Chief Financial Officer; and (iii) the Company's three most highly compensated executive officers at the end of the financial year ended December 31, 2016.

For the financial year ended December 31, 2016 and for the purposes of this Management Information Circular, the Company had five NEOs, namely: (i) Rob Wildeboer, Executive Chairman; (ii) Pat D'Eramo, President and Chief Executive Officer; (iii) Fred Di Tosto, Chief Financial Officer; (iv) Juan Nardiz, President, Martinrea Honsel, which became a wholly-owned subsidiary of the Company in August, 2014; and (v) David Rashid, who became Executive Vice President, Fluids in June, 2014.

The objective of the disclosure under this section is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to its NEOs and directors for the financial year, to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Company, and to help investors understand how decisions about executive compensation are made.

### **Compensation Discussion and Analysis**

#### *Composition of the Compensation Committee*

The members of the Compensation Committee in 2016 were Roman Droniuk (Chair), Scott Balfour, Terry Lyons, Frank Macher, Fred Olson and Sandra Pupatello, all of whom are independent directors.

#### *Executive Compensation Experience and Expertise of the Compensation Committee*

Roman Droniuk is an experienced business executive and director with significant experience in compensation matters as an executive engaged in hiring senior executive personnel and as an advisor. Frank Macher has been the chief executive officer or senior executive and director of several large automotive parts companies. Terry Lyons has been a senior executive, chairman or lead director of several companies and has served on a number of compensation committees. Sandra Pupatello has been involved in compensation decisions while working in both the public and private sector and as past Chair of Ontario Hydro. Fred Olson has been a member of the Board of Directors since 2002 and a member of the Compensation Committee since that time and is the Lead Director. He has held a number of senior executive and director roles with other companies in the automotive industry. Scott Balfour is a seasoned business executive with senior executive experience at Emera Incorporated and previously Aecon Group Inc., where he was both a Named Executive Officer and helped administer and implement senior executive compensation programs. Each member of the Compensation Committee brings senior executive, board of director and committee experience as noted under "Background of Directors". As such, each member of the Compensation Committee has significant experience and expertise in executive compensation.

#### *Objectives of Compensation Program/Strategy*

The Company's executive compensation arrangements for senior officers are designed to enable the Company to motivate, attract and retain and align the interests of highly qualified individuals with the Company's objectives and strategy and with the interests of shareholders. The Company's objectives are to be a world leader in the development and production of quality metal parts, assemblies, and modules, fluid management systems and complex aluminum products focused primarily on the automotive sector. Meeting these objectives has required and will continue to require attracting a team of executives who have expertise in manufacturing, innovation, strategy, legal and financial disciplines. The Board of Directors has developed compensation systems and packages for its executives geared to focusing them on achieving prudent, profitable growth for the Company over a multi-year period.

The Company has undertaken a process of reviewing compensation philosophy and policy for all managerial levels of the Company, including general managers and officers as a whole, including introduction of a PRSU Plan (see “Other Compensation Plans – PRSU Plan”) in 2016, and the first issuance of RSUs and PSUs, in 2017, to Rob Wildeboer and Pat D’Eramo, as described below under “Elements of Compensation”. The Company introduced the PRSU Plan to continue to align shareholder interests and management interests as part of its compensation philosophy described below.

The Company has developed and encourages an entrepreneurial culture and participation in the profitability of the Company both through direct profit participation and participation in the increased value of the enterprise reflected in the price of the Common Shares. As the Company’s profits increase and its share price appreciates, an executive’s compensation should increase, providing an alignment of shareholder-owner interests and management interests as value is created for both. If profits decrease or if share price depreciates, an executive’s overall compensation will generally decrease to base levels.

Given its compensation philosophy, the Company does not base its compensation levels or decisions on what others do, nor does it believe it should do so. However, the Company monitors the approaches to compensation adopted by competitors for talent, as the Company is engaged in a business where it is critical to attract and retain top talent.

The Company’s compensation has a fixed element, in terms of base salary, and an at-risk or performance element, based, in part, on profits which element increases if profits rise and decreases if profits fall, and in part on equity where value rises as stock price rises and falls if stock price falls. If the work of the executive team results in increases in Company profits, the Company believes bonuses based on profitability should increase, even if the Company’s stock price does not, as market prices and valuation multiples are often based on other factors than company performance. The Company is in the automotive parts business, where the profits of every part are contingent on the ability to negotiate a fair price up front, perform well under the contract and continuously improve process and margin throughout the production process. Company profits are not generally based on external events such as commodity prices, for example. Further, the automotive parts business is a very competitive one, where external volume increases are no guarantee of higher profits. The Company believes its compensation system rewards the behaviour that will increase Company value, over the longer term, building a world leader in the aspects of the auto parts businesses in which the Company operates. The Company’s growth over the past 15 years, from virtually no revenues to over \$3.9 billion in revenues, has been the result, in large part, of its ability to attract and retain the people needed to achieve this growth and compensate them in the right way.

In 2015, the Compensation Committee had executive compensation benchmarked against a comparator group (the “Comparator Group”), which is comprised of a broad pool of North American companies in the automobile and components industry which represent the Company’s business competitors and competition for talent. The Comparator Group includes a number of U.S. based companies reflective of the Company’s significant revenue from North American operations and because there are few comparable Canadian auto components companies. The Comparator Group was recommended by the Compensation Committee’s independent compensation advisor, Meridian, and approved by the Compensation Committee. The Company was positioned at approximately the median (the 50<sup>th</sup> percentile) of the Comparator Group on the basis of revenues. The companies in the Comparator Group are:

- Aecon Group Inc.
- Allison Transmission Holdings, Inc.
- American Axle & Manufacturing Holdings Inc.
- BorgWarner Inc.
- Cooper-Standard Holdings Inc.
- Cooper Tire & Rubber Co.
- Dana Holding Corp.
- Dorel Industries Inc.
- Drew Industries Inc.
- Federal-Mogul Holdings Corp.
- Gentex Corp.
- Linamar Corp.
- Meritor, Inc.
- Modine Manufacturing Co.
- New Flyer Industries Inc.
- Remy International, Inc.
- Standard Motor Products Inc.
- Stoneridge Inc.
- Superior Industries International, Inc.
- Tenneco Inc.
- Thor Industries Inc.
- Tower International, Inc.
- Visteon Corp.

The benchmarking confirmed that compensation levels at the Company are generally competitive with the market median and that the Company is getting good value for the services of its senior executive officers. Total compensation for the Executive Chairman, President and Chief Executive Officer, and the Chief Financial Officer are somewhat below the market median of the Comparator Group, and the other NEOs have total compensation closer to the median. The benchmarking also confirmed that the mix of NEO compensation was not at the median, in the sense that the ratio of long term incentive compensation to short term was lower than average. As a result, the Company has been working on adding elements of long term incentives to total compensation, as discussed below.

### *Elements of Compensation*

The key elements of the Company's compensation arrangements for its NEOs, current and past, are governed by employment contracts with each executive. The Compensation Committee considered various factors when negotiating the compensation arrangements for its senior executives. These factors have formed part of the Company's compensation philosophy for years, and are discussed in detail below under "Compensation Review" and under the three principal components of compensation: (i) base salary; (ii) bonus awards; and (iii) equity participation.

### Variable-at-Risk Compensation

The Company believes a significant portion of executive compensation is at risk, particularly:

- Pre-tax profit which is subject to material fluctuation, which can result in no bonus payable if there are no profits (as described below).
- Options have value only to the extent share price increases and, given that options granted to executives generally vest over a period of four years, and there is a specific period of the calendar year that is in blackout where executives are prevented from exercising options or selling the Company's Common Shares, the share price improvement must be sustained.
- Commencing in 2017, the Company has adopted a PRSU Plan, available to selected executives. The value of Share Units granted under the PRSU Plan will fluctuate along with the price of the Company's Common Shares.
- In addition, the Company has a minimum share ownership policy in place for all corporate executives (as discussed below). The value of an executive's equity ownership is at risk as it increases and decreases in direct alignment with the Company's share price. Executives subject to the minimum share ownership guidelines are eligible to participate in the Company's employee share ownership plan, as discussed herein.

### Employment Contracts

The Company has entered into employment or services contracts with each NEO to secure the services of its senior management group so that the long term objectives of the Company may be realized by the senior executive team.

These agreements provide for, among other things, industry standard covenants in favour of the Company, including covenants not to compete with the Company or solicit its employees for a specified period following termination of their employment, as well as confidentiality covenants. These agreements set out their respective duties and responsibilities and provide that each executive is to receive a base salary, is eligible to receive an annual bonus in an amount equal to a percentage of the consolidated net profits before income tax of the Company or relevant divisions over which the NEO has responsibility, and certain other benefits, including (in the case of Messrs. D'Eramo and Wildeboer) life insurance with the executive's family as beneficiary and disability insurance. Each contract has an indefinite term. The contract for Mr. Wildeboer contains historical termination and change of control provisions (described under that section below). It is the Company's desire that executives have significant direct profit participation and significant equity upside.



### Base Salary

Base salaries for fiscal 2016 are prescribed by the executive employment agreements to reflect: (i) individual performance and achievement; (ii) the increased responsibilities characterized by a growing and significantly larger company; and (iii) compensation levels which such individuals could attract in the senior executive or professional market for their services. In 2006, the base salary for Mr. Wildeboer was set at \$725,000 and has not changed since 2006. In 2014, Mr. D'Eramo's base salary was set at \$725,000 or its U.S. dollar equivalent, consistent with Mr. Wildeboer's base salary. In 2010, Mr. Di Tosto's base salary was set at \$200,000 and was increased to \$250,000 in October 2011 by the Compensation Committee to reflect his promotion to Chief Financial Officer, and has since been increased to \$400,000 in 2015 to reflect his performance and the scope of his role. Base salaries for Messrs. Nardiz and Rashid are set out in their employment contracts, and are payable in Euros and U.S. dollars, respectively. Mr. Nardiz' base salary was increased by 75,000 Euros in 2015 to reflect his increased responsibility and the scope of his role. There were no changes in base salary for the NEOs in 2016.

### Bonus

A significant part of cash compensation for executives is in the form of direct profit participation, generally in the form of a percentage of pre-tax profit, either of the Company or over the relevant divisions over which the NEO has responsibility, or, in the case of business unit leaders commencing in 2016, a combination of both. As profits are increased, so is compensation. If profits decline, so does compensation. Thus, executives are encouraged to grow profits, an objective that is aligned with the interests of the Company's stakeholders. Similar approaches to direct profit participation are present at other levels of the organization in addition to the executive level. For NEOs, the negotiated percentages are provided in each NEO's executive contract and do not fluctuate, although the amount of bonus will fluctuate as profits fluctuate. The total percentage of pre-tax profit to NEOs in aggregate has not exceeded 6% of the Company's pre-tax profit. Each of the Company's two senior, and highest paid, NEOs, Messrs. Wildeboer and D'Eramo, receive as part of his compensation a bonus equal to 1% of the Company's pre-tax profit. The pre-tax profit calculation excludes unusual one-time items, such as goodwill write downs or most non-recurring restructuring expenses or gains from a property sale. For officers and general managers of the Company, bonuses are generally based on a negotiated percentage of pre-tax profits of the officer's division or plant, as the case may be. Bonuses are generally adjusted on the basis of negotiated cash flow or other financial targets, achieving budgets, or meeting individual performance standards. The underlying objective of the bonus structure is to encourage entrepreneurial management behavior, to support the Company's operating structure, and to instill financial discipline at both the Company and local level, reflecting the fact that an officer's compensation is directly affected by the profitability of the operations over which he or she is responsible.

The Company believes that bonuses based on pre-tax profit have a long term focus as it takes time and consistent effort to increase pre-tax profit. Using pre-tax profit as a primary incentive measure is consistent with Martinrea's entrepreneurial culture and its focus on continuous improvement of operations. If a plant, business unit or the Company is not profitable in a year, no bonus will be paid. The Company believes this motivates general managers, officers and executives at every level to work towards consistent profitability and consistent profit growth. Pre-tax earnings has been chosen as a driver of a significant portion of variable bonus compensation as it is a key element of earnings per share and ultimately share price, and thus there is a direct link between executive compensation and ultimately share performance. Pre-tax profit captures the concept of both earnings from operations and the costs of financing those earnings. It is also a key feature of bonus compensation in the Canadian automotive parts supplier industry where the Company must compete for talent, and it has proven to be an effective factor in attracting and retaining talent at the general manager and officer level.

In 2016, the Company adjusted its approach to the calculation of bonuses to the leaders of its business units, so that a portion of the bonus is based on the pre-tax profit of the executive's business unit, a portion is based on the pre-tax profit of the Company and a portion based on individual performance goals set annually by the CEO.

In late 2016, the Company adopted a PRSU Plan, for implementation in 2017. In 2016, each of Messrs. Wildeboer and D'Eramo elected to take 25% of their 2017 bonus based on pre-tax profit in the form of RSUs. It is anticipated that RSUs and PSUs will be utilized increasingly in the future as a portion of executive compensation.

### Equity Participation

A critical element of executive compensation is direct or indirect equity participation by senior executives. The Compensation Committee believes that executives must be motivated not simply to increase corporate profits, but the Company's stock price over the long term as well, to the benefit of shareholders. Senior executives are encouraged to own a significant amount of Common Shares. The top senior executives have typically owned a significant amount of Common Shares.

The Compensation Committee believes that incentive compensation in the form of stock option grants which vest over time, is and has been beneficial and necessary to attract and retain both senior executives and managerial talent at other levels given the significant compensation levels its executives were earning and could earn at other companies. Furthermore, the Company believes options are an effective long-term incentive vehicle because they are directly tied to share price over a 10 year period and motivate executives to deliver sustained long term performance and increase shareholder value, since stock options have a long term horizon that aligns with long-term corporate goals. However, only a limited number of options have been granted in the past four years. In 2013, no options to executives were granted, as the Company approved and implemented an executive share ownership policy, described below. In 2014, 500,000 options were granted to Mr. D'Eramo upon his appointment as the new President and Chief Executive Officer, vesting as to 25% immediately and 25% on each anniversary of his start date for the next three years. In 2015 and 2016, no options were granted to executives. See "Securities Authorized for Issuance Under Equity Compensation Plans – Stock Option Plan".

Option awards have been discretionary, as approved by the Compensation Committee or the Board of Directors. The Compensation Committee or Board of Directors considers a variety of factors in exercising its discretion, including the compensation philosophy and practices of the Company as described herein; individual or collective management performance; industry compensation practices; previous grants of options; and general compensation trends.

As noted above, the Company adopted a PRSU Plan for implementation in 2017. A full description of the PRSU Plan is described under "Other Compensation Plans—PRSU Plan". The PRSU Plan provides for the grant of PSUs or RSUs to certain key employees of the Company, as determined by the Compensation Committee. The purpose of the PRSU Plan is to ensure that the interests of the key employees are aligned with the success of the Company; provide compensation opportunities to attract, retain and motivate key employees of the Company and its subsidiaries; create an ownership mentality among key employees; and mitigate excessive risk taking by Company employees. A PSU is a performance-based notional share unit entitling the holder to a conditional right to payment where the value of each PSU vested and paid out is linked to the value of a Common Share. The value of the PSUs granted to date and in the future will be tied to total shareholder return performance relative to a peer group of companies in similar industries, as well as to the share price. A RSU is a PSU for which there is no performance-based vesting condition. Both are a form of equity participation that the Company expects will be utilized increasingly in future as a portion of executive compensation. The first grants of RSUs and PSUs were granted in 2017 to Messrs. Wildeboer and D'Eramo, who elected to take 25% of their 2017 bonus based on pre-tax profit in the form of RSUs. In addition, each was granted a like number of PSUs. Vesting of RSUs and PSUs is subject to the discretion of the Compensation Committee, and will generally occur over time. In the case of a situation where an executive officer elects to take a portion of earned bonus in the form of RSUs, vesting will generally be immediate, although payout or redemption will occur at the redemption date provided in the PRSU Plan.

### Executive Share Ownership Policy

In 2013, in order to encourage increased executive ownership of Common Shares over time, the Company adopted, on the recommendation of the Compensation Committee and approved by the Board, new executive ownership guidelines (the "Executive Share Ownership Policy" or "ESOP"). The basic guidelines are as follows. The minimum share ownership level for the Chief Executive Officer and the Executive Chairman, the two most senior executives of the Company, was set at a minimum of three times base salary. For other Named Executive Officers and senior executive officers at the executive vice president level or equivalent, which now include Fred Di Tosto, Juan Nardiz and David Rashid, the minimum share ownership level has been set at a minimum of one times base salary. For other executive officers, the minimum share ownership level has been set at a minimum of one half of base salary. The executives have five years to accumulate the required ownership value based on the greater of cost or fair market value. Once the minimum level is reached, the executive is required to maintain the minimum share ownership level.

The Company also adopted in 2013 a form of senior executive ownership assistance plan, which provides that if an eligible senior executive purchases Common Shares with his or her own funds, the Company will match the share purchase. The matching amounts available to any executive in any one year will be capped at what the Compensation Committee views as an appropriate level. The Company and the Compensation Committee believe that this assistance can replace to a certain extent the grants of options to eligible senior executives, and it is likely that there will be fewer options granted in future than in the past. In the past two years, no options have been granted to executives.

The Company believes that an appropriately structured share ownership plan, where the employee, in order to benefit, must use his or her own funds and put them at risk in an investment of company shares, is in certain respects a better ownership plan than phantom shares, performance shares, restricted share units or deferred share units. This program will remain in place at the discretion of the Compensation Committee. In 2016, 22 individuals purchased Common Shares under these arrangements, with Company assistance totalling \$1,553,472. Company assistance is treated for compensation and income tax purposes as a cash bonus.

At present, 22 executive officers are subject to share ownership requirements. Other than recent appointments, who, it is anticipated, will purchase Common Shares this year, all own Common Shares, and many now have attained the minimum share ownership level. These executive officers now own a total of 1,018,032 Common Shares.

### ***Managing Compensation Related Risk***

In 2016, as in past years, the Compensation Committee considered the implications of the risks associated with its compensation policies and practices. The Compensation Committee is actively involved in the risk oversight of its compensation policies and practices. Managing enterprise risk is embedded in all of the Company's key decisions and the Board of Directors approves all significant strategic decisions. While risk is always inherent in the Company's business, the Company believes its executive compensation program contains a number of features and practices that the Company considers decrease the risks associated with compensation.

The Company uses the following practices to discourage or mitigate excessive risk-taking:

- The Board reviews and approves the Company's business plan and budgets, which are considered in the context of assessing performance and awarding incentives, before the start of each year.
- Bonuses for NEOs are generally negotiated in the employment contract as a specified percentage of pre-tax profits; the negotiated percentages do not fluctuate, although the amount of bonus will fluctuate as profits fluctuate. The underlying objective of this bonus structure (including of executive officers and general managers) is to encourage entrepreneurial management behavior, to support the Company's operating structure, and to instill financial discipline at both the Company and local level, reflecting the fact that an officer's compensation is directly affected by the profitability of the operations over which he or she is responsible and, in many cases, of the Company as a whole. As the profitability of the division or plant increases, so will such person's bonus.
- In 2016, bonus compensation for general managers, while based on plant pre-tax profit, was adjusted to be based also on other metrics, including plant cash flow, meeting budget targets at the plant or group level, or individual targets set at the beginning of the year, all of which can ensure certain relevant risk factors are taken into account in determining compensation.
- All senior executive contracts are regularly updated and reviewed by the Compensation Committee.
- There is an appropriate mix of pay, including fixed and performance based compensation with short and longer time performance conditions and multiple forms of compensation, including the PRSU Plan and options.
- The Company has share ownership requirements for its NEOs. The Company has recently adopted broader share ownership requirements for senior executives.

- The Company expressly prohibits its directors and employees from hedging of Common Shares and share based compensation awards.
- The Company's long term incentive program includes RSUs, PSUs and options which vest over time, except in the case where a portion of annual incentives are exchanged for RSUs. This ensures that executives remain exposed to the risks of their decisions and vesting periods align with risk realization periods. The trading of Common Shares, whether obtained through option exercise or otherwise, is subject to specified black-out periods.
- The Company's incentive plans have a balanced focus on share price improvement, operating profit and relative performance measures.
- The Company has implemented the ESOP, as described above, to require and encourage minimum levels of share ownership, to better align executive risk perceptions with those of shareholders. Virtually all executive officers own Common Shares and are shareholders.
- The Audit Committee and Board of Directors are responsible for assessing and monitoring the Company's financial and enterprise risks. All of the Company's independent directors sit on both the Audit Committee and the Compensation Committee. This ensures that the Compensation Committee has direct information respecting the Company's enterprise risk when making compensation decisions.
- The Compensation Committee has discretion to adjust annual incentive payments to take into account unexpected events and the level of risk undertaken to achieve desired results.

As a result of the Compensation Committee's review of its compensation plans, it has concluded that there are no identified risks arising from its compensation programs which are reasonably likely to have a material adverse effect on the Company.

### ***Compensation Review***

The Company believes that it has assembled an excellent management team with the foregoing executives, along with other members of the management team.

The Compensation Committee meets regularly, and did so in 2016 as well. All bonuses for NEOs and senior executives are reviewed and approved by the Compensation Committee and are based primarily on pre-tax profit. As noted above, the Compensation Committee determined it to be in the interests of the Company to adopt a PRSU Plan for certain executives, as discussed above.

The Compensation Committee has concluded that the Company's senior executive team has performed well, and that the Company had performed in general very well operationally and strategically over the past several years, achieving corporate goals and business objectives approved by the Company's Board of Directors, in an always challenging automotive environment. The Company has not only survived the economic and automotive crises, but managed to win new work, add customers, acquire assets and companies (including the acquisition of aluminum plants in 2011 to form Martinrea Honsel) and open plants during the past several years. The Company has been one of the fastest growing automotive parts suppliers in the world over the past decade, led by its executive team. In 2016, the Company achieved record annual revenues and adjusted earnings. Notwithstanding that fact, while there have been many successes, financially and operationally, in the past three years there have also been operational losses at several plants, which have negatively affected the Company's earnings. This has resulted in lower compensation for all executives with bonuses tied to corporate or the applicable division's profits.

### ***Retention of Compensation Consultants***

In both 2015 and 2016, the Compensation Committee retained an independent compensation consultant, Meridian, to provide independent advice to the Compensation Committee in connection with certain matters pertaining to executive compensation and director compensation. Meridian performed a benchmarking analysis in 2015 and provided advice respecting the Comparator Group. Meridian also provided advice to the Compensation Committee about other compensation issues and governance and compensation best practices. Meridian assisted in the

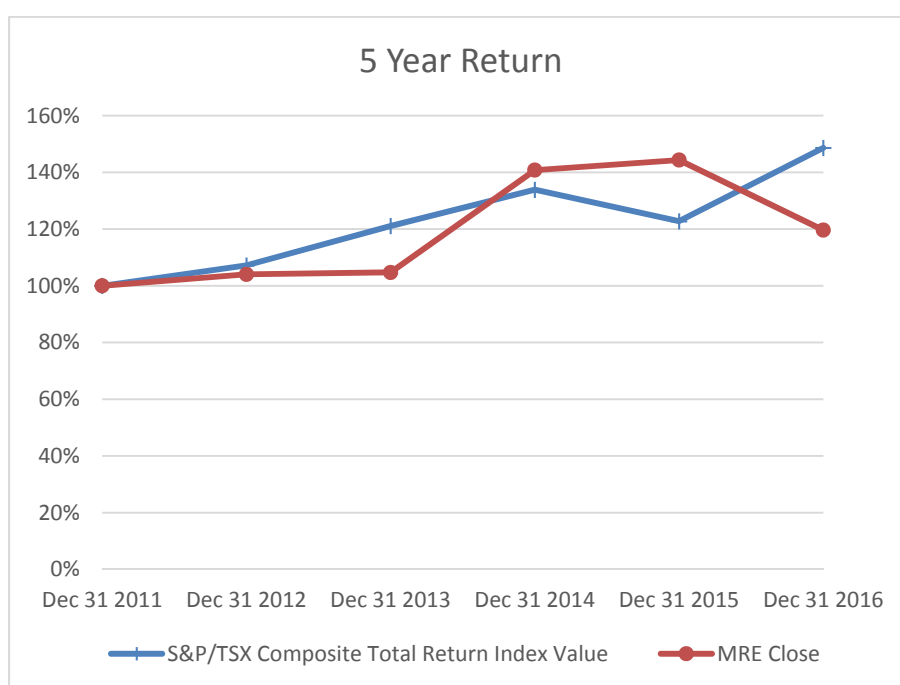
development of the DSU Plan and the PRSU Plan. Meridian does not provide executive compensation services to management of the Company but has assisted with the review of approaches to general manager compensation and compensation to non-executives as part of its mandate from the Compensation Committee to review overall compensation programs. All services provided by and fees paid to Meridian were approved by the Compensation Committee.

In 2016, Meridian fees (exclusive of HST) were \$54,837.50.

### **Performance Graph**

#### *Cumulative Total Return on \$100 Investment (5 years)*

The following graph compares the percentage change in the cumulative total shareholder return on the Common Shares with the cumulative total return of the S&P/TSX Composite Index during the period from January 1, 2012 to December 31, 2016 based on the closing price of the Common Shares on December 31, 2011 (\$7.45) and December 31, 2016 (\$8.59) if \$100 was invested and all dividends were reinvested:



	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	May 12, 2017
Martinrea Common Shares	\$100.00	\$104.03	\$104.70	\$140.80	\$144.35	\$119.63	\$161.13
S&P/TSX Composite Total Return Index	\$100.00	\$107.19	\$121.11	\$133.90	\$122.76	\$148.64	\$152.54

As noted in the graph above, as at December 31, 2016, the Company's total shareholder return for 5 years increased by approximately 20% since December 31, 2011 while the S&P/TSX Composite Index total return increased by approximately 48% over the same period. As at May 12, 2017, the Company's share price was \$11.57. In 2017 to this date, the Company's share price has increased from \$8.59 to \$11.57, an increase of approximately 35%, while the S&P/TSX Composite Total Return Index has increased by approximately 2.5% over the same period.

As noted above under “Compensation Discussion and Analysis”, the Company’s executive compensation is linked to the performance level of both individual officers and the Company, as related to its profits and its share price. Compensation for NEOs for 2016 is not directly linked to changes in the Company’s share price, although the value of an NEO’s equity position in the Company does fluctuate. Several general observations can be made. The base salaries of NEOs have not changed materially, or at all in some cases, over the past five years, and changes are not related to share price. Cash bonuses for NEOs are based on pre-tax profits of the Company or a division or plant or a combination thereof, as applicable, and bonus compensation has fluctuated with profitability. The Company’s Common Share price has increased in four of the last five years. The value of options granted to NEOs and the value of an NEO’s shareholdings fluctuate with stock price fluctuations. All NEO’s own Common Shares in accordance with the Company’s Executive Share Ownership Policy, which includes minimum share ownership requirements. The value of option and Common Share holdings should increase over time should the Company’s Common Shares appreciate in price. In the past three years, no options have been granted to NEOs except as described in this Management Information Circular. In 2014, 500,000 options were granted to Mr. D’Eramo. In 2015 and 2016, no options were granted to NEOs. Each of the NEOs has participated in the ESOP to varying degrees in the past three years. As noted above, the Company introduced a PRSU Plan in 2016, with grants of RSUs and PSUs to Messrs. Wildeboer and D’Eramo in 2017, that will tie a portion of the bonus compensation to share price. The value of the PSUs granted to date and in the future will be tied to total shareholder return performance relative to a peer group of companies in similar industries, as well as to share price.

Executive compensation has generally increased in the last year, as well as in the last three year period, as Company profits and profitability have increased. The Company’s cumulative total shareholder return on the Common Shares has increased in two of the last three year periods and has outperformed the TSX Composite Total Return Index in two of the last three years. In 2016, the automotive industry generally experienced a contraction in its market valuation.

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## Summary Compensation Table

The following table sets forth the details regarding compensation earned by each of the NEOs in respect of the financial years ended December 31, 2016, December 31, 2015 and December 31, 2014. All amounts in this Management Information Circular are in Canadian dollars, unless otherwise disclosed.

Name and Principal Position <sup>(1)</sup>	Year	Salary	Share-Based Awards <sup>(2)</sup>	Option-Based Awards <sup>(3)</sup>	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation <sup>(5), (7)</sup>	Total Compensation
					Annual Incentive Plans <sup>(4)</sup>	Long-Term Incentive Plans <sup>(8)</sup>			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Rob Wildeboer Executive Chairman of the Board of Directors	2016	\$725,000	-	-	\$1,774,132	\$200,000	N/A	-	\$2,699,132
	2015	\$725,000	-	-	\$1,630,051	\$148,603	N/A	-	\$2,503,654
	2014	\$725,000	-	-	\$1,103,133	\$148,603	N/A	-	\$1,976,736
Pat D'Eramo <sup>(6), (7)</sup> President and Chief Executive Officer	2016	\$817,923	-	-	\$1,774,132	\$200,000	N/A	-	\$2,836,108
	2015	\$817,923	-	-	\$1,630,051	\$150,000	N/A	-	\$2,597,974
	2014	\$121,087	-	\$1,775,000	\$141,117	\$141,234	N/A	\$766,664	\$2,945,102
Fred Di Tosto Chief Financial Officer	2016	\$400,000	-	-	\$532,240	\$133,762	N/A	-	\$1,066,002
	2015	\$400,000	-	-	\$326,011	\$100,000	N/A	-	\$826,011
	2014	\$315,000	-	-	\$160,863	\$99,422	N/A	-	\$575,285
David Rashid <sup>(9)</sup> Executive Vice President, Fluids	2016	\$364,153	-	-	\$1,224,647	\$93,074	N/A	-	\$1,681,874
	2015	\$334,225	-	-	\$986,883	\$66,171	N/A	-	\$1,387,279
	2014	\$312,714	-	-	\$879,470	\$43,786	N/A	-	\$1,235,970
Juan Nardiz <sup>(9)</sup> President, Martinrea Honsel	2016	\$625,897	-	-	\$848,168	\$100,000	N/A	-	\$1,574,065
	2015	\$605,540	-	-	\$840,461	\$100,000	N/A	-	\$1,546,001
	2014	\$521,671	-	-	\$701,532	-	N/A	-	\$1,223,203

(1) Each NEO has entered into an employment agreement with the Company. See "Employment Contracts" above.

(2) Although the PRSU Plan was adopted in 2016, there were no share-based awards granted in 2016.

(3) Represents options granted during the year. The Company has adopted fair value accounting for options granted under its stock option plan using the Black-Scholes fair value option pricing method. For additional detail, please see Note 14 of the Company's annual audited financial statements for the year ended December 31, 2016 filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

(4) Amounts disclosed under the "Annual Incentive Plan" column include bonuses paid under the employment contracts. Bonuses were paid in 2014, 2015 and 2016 in accordance with the employment contracts.

(5) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total annual salary and bonuses.

(6) Mr. D'Eramo joined the Company on November 1, 2014. Annualized compensation has not been included for those periods prior thereto. Mr. D'Eramo's annual base salary is \$725,000, but fixed at a \$CDN/US dollar exchange rate of 0.8946.

(7) All other compensation refers to signing bonus to compensate Mr. D'Eramo for compensation given up to his former employer.

(8) Represents payment under ESOP. See "Executive Share Ownership Policy".

(9) Became an executive officer of the Company and an NEO in 2014.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the details regarding the incentive plan awards for each NEO outstanding as of December 31, 2016. On December 31, 2016, the closing price of the Common Shares on the TSX was \$8.59 per Common Share.

Name	Option-Based Awards				Share-Based Awards <sup>(2)</sup>		
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(1)</sup>	Number of Shares or Units of Shares That Have Not Vested	Market or Payout Value of Share-Based Awards That Have Not Vested	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Rob Wildeboer Executive Chairman of the Board of Directors	157,500	\$16.15	8/7/2017	Nil	-	-	-
	150,000	\$7.50	8/18/2018	\$163,500	-	-	-
	325,000	\$7.33	6/8/2020	\$409,500	-	-	-
Pat D'Eramo President and Chief Executive Officer	500,000	\$11.95	11/01/2024	Nil	-	-	-
Fred Di Tosto Chief Financial Officer	35,000	\$8.18	6/8/2020	\$14,350	-	-	-
	20,000	\$10.40	03/23/2022	Nil	-	-	-
David Rashid Executive Vice President, Fluids	10,000	\$16.15	08/07/2017	Nil	-	-	-
	6,667	\$7.20	08/11/2019	\$9,267.13	-	-	-
	10,000	\$8.70	08/09/2020	Nil	-	-	-
	25,000	\$7.00	10/21/2021	\$39,750	-	-	-
	20,000	\$10.40	03/23/2022	Nil	-	-	-
Juan Nardiz President, Martinrea Honsel	15,000	\$10.40	03/23/2022	Nil	-	-	-

<sup>(1)</sup> On December 31, 2016, the closing price of the Common Shares on the TSX was \$8.59 per Common Share. Value is calculated based on the difference between the market value of the Common Shares as at December 31, 2016 and the exercise price of the option.

<sup>(2)</sup> Although the PRSU Plan was adopted in 2016, there were no share-based awards granted in 2016.

<sup>(3)</sup> Pursuant to the terms of the Stock Option Plan, for options that are scheduled to expire or terminate during or within 10 business days following a blackout period, the Expiry Date shall be the date that is the tenth business day following the date of expiry of the Blackout Period (the "Blackout Expiry Date"). If a new Blackout Period is imposed prior to the Blackout Expiry Date, the Blackout Expiry Date shall be the date that is the tenth business day following the date of expiry of the new Blackout Period.



***Value Vested or Earned During the Financial Year Ended December 31, 2016***

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each NEO for the financial year ended December 31, 2016.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year<sup>(1)</sup></b>	<b>Share-Based Awards – Value Vested During the Year</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year<sup>(2)</sup></b>
	(\$)	(\$)	(\$)
Rob Wildeboer Executive Chairman of the Board of Directors	Nil	N/A	\$1,974,132
Pat D’Eramo <sup>(3)</sup> President and Chief Executive Officer	Nil	N/A	\$1,974,132
Fred Di Tosto Chief Financial Officer	Nil	N/A	\$666,002
David Rashid Executive Vice President, Fluids	Nil	N/A	\$1,317,721
Juan Nardiz President, Martinrea Honsel	Nil	N/A	\$948,168

(1) Value of options vested during 2016 is calculated by using the difference between the market price of the underlying securities at vesting and the exercise price of the stock options.

(2) Amounts disclosed under this column are bonuses paid under the employment contracts plus payments under the ESOP. See “Executive Share Ownership Policy”.

(3) 125,000 options issued on November 1, 2014 at an exercise price of \$11.95 per Common Share vested on November 1, 2016. The closing price of the Common Shares on November 1, 2016 was below the exercise price.

***Termination and Change of Control Benefits***

The employment agreement with Mr. Wildeboer has always provided that, upon termination of the executive by the Company without cause or following a change in control of the Company, the executive is entitled to a severance payment in an amount equal to three (3) times the last full fiscal year’s total compensation (not including value ascribed to option based awards), including salary, bonus and benefits. Mr. Wildeboer continues to have these termination provisions, as his contract is unique to his circumstances as co-founder. The contracts for the co-founders all contained these provisions. The Company determined the change of control and termination benefits for these officers were warranted in part because no pensions have been provided. For the purposes of these agreements, the term “change in control” is defined to mean (i) the acquisition by any person, directly or indirectly, of 50% or more of the Company’s outstanding Common Shares, (ii) any merger, arrangement or similar event where control is transferred, or (iii) any event whereby any party or group, acting together, elects or causes to be elected to the Board of Directors of the Company persons who are or may be considered nominees thereof, and such persons constitute 50% or more of the directors of the Company then in office. The three year severance benefits described above are legacy arrangements, put in place in 2001. The Company now limits severance arrangements to 24 months, and to provide that any severance provisions will not be triggered by change in control only, but by a severance or termination following a change of control. All other senior executive contracts, including that of the Chief Executive Officer, Pat D’Eramo, contain severance periods of 24 months or less and no single trigger change of control provisions. Mr. D’Eramo’s severance period is 24 months. It has always been the Company’s policy that any outstanding and unvested options will vest on the change of control. The Company has never experienced a change of control.

## Director Compensation

The following table sets forth the details regarding compensation provided to the Company's independent directors during the financial year ended December 31, 2016.

Name	Fees Earned <sup>(1)</sup>	Share-Based Awards <sup>(1)</sup>	Option-Based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Scott Balfour <sup>(2), (4), (5)</sup>	\$127,500	\$100,000	-	-	-	-	\$227,500
Roman Doroniuk <sup>(2), (5)</sup>	\$123,000	\$100,000	-	-	-	-	\$223,000
Terry Lyons <sup>(2), (5)</sup>	\$123,000	\$100,000	-	-	-	-	\$223,000
Frank Macher <sup>(5)</sup>	\$112,000	\$100,000	-	-	-	-	\$212,000
Fred Olson <sup>(3), (4), (5)</sup>	\$216,500	\$100,000	-	-	-	-	\$316,500
Sandra Papatello <sup>(5)</sup>	\$112,000	\$100,000	-	-	-	-	\$212,000

<sup>(1)</sup> Effective January 1, 2016, the Company adopted a DSU Plan for directors. One half of the annual director retainer of \$200,000 is paid in DSUs, and has been separately disclosed under the column Share Based Awards.

<sup>(2)</sup> Includes \$15,000 stipend for Committee Chair.

<sup>(3)</sup> Includes Lead Director Fee of \$100,000.

<sup>(4)</sup> Includes Special Committee Fee of \$1,500 per meeting.

<sup>(5)</sup> Includes regular Committee Member Fee of \$4,000 per Committee.

In 2015 and 2016, the Board of Directors reviewed its approach to director compensation, with the assistance of Meridian (see "Retention of Compensation Consultants" above). Meridian benchmarked director compensation relative to the comparator group and also provided information on market and good governance practices relating to director compensation. While the overall quantum of pay for Martinrea's directors did not require adjustment, the Board determined to move to an all-inclusive retainer and the use of DSUs instead of stock options for directors, effective January 1, 2016. The annual retainer for 2016 was set at \$200,000, delivered 50% in cash and 50% in DSUs. A director may elect to receive a higher percentage of compensation in DSUs. A director who is chair of a committee will also receive an annual stipend of \$15,000 for sitting as such; the Lead Director will earn a fee of \$100,000 for sitting as such; and if there are special circumstances where a special committee has to be struck additional compensation will be considered on a case-by-case basis. In addition, retainers for membership on any committee has been set at \$4,000. The Company's Stock Option Plan has also been amended to provide that options will no longer be granted to non-executive directors. In 2016, a total of \$1,414,000 was paid to directors, including \$814,000 in the form of cash and \$600,000 in the form of DSUs.

The Board of Directors and its committees meet frequently. The Chairman also routinely holds update meetings with directors to keep them apprised of current developments. The Chairman, the Chief Executive Officer and the Chief Financial Officer, often with other members of management, also meet frequently with the independent directors and Audit Committee, in order to provide detailed updates on the Company's financial affairs.

The following table sets forth the breakdown of the non-executive directors' fees earned for the financial year ended December 31, 2016.

<b>Name</b>	<b>Board Annual Retainer<sup>(1)</sup></b>	<b>Board/Committee Chair Retainer<sup>(2)</sup></b>	<b>Lead Director</b>	<b>Committee Member Fee</b>	<b>Total</b>
	(\$)	(\$)	(\$)	(\$)	(\$)
Scott Balfour <sup>(3)</sup>	\$200,000	\$15,000		\$8,000	\$227,500
Fred Olson <sup>(3)</sup>	\$200,000		\$100,000	\$12,000	\$316,500
Roman Doroniuk	\$200,000	\$15,000		\$8,000	\$223,000
Frank Macher	\$200,000			\$12,000	\$212,000
Terry Lyons	\$200,000	\$15,000		\$8,000	\$223,000
Sandra Pupatello	\$200,000			\$12,000	\$212,000

<sup>(1)</sup> Board retainer was \$200,000, paid 50% in cash and 50% in DSUs.

<sup>(2)</sup> Committee Chair retainer was \$15,000.

<sup>(3)</sup> The total includes Special Committee Fees of \$1,500 per meeting.

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## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth the details regarding the incentive plan awards for each non-executive director of the Company outstanding as of December 31, 2016. On December 31, 2016, the closing price of the Common Shares on the TSX was \$8.59 per Common Share.

Option-Based Awards					Share-Based Awards		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date <sup>(1)</sup>	Value of Unexercised in-the-money Options <sup>(2)</sup> (\$)	Number of Share Units 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 (\$) <sup>(3)</sup>
Scott Balfour	25,000	\$10.44	6/18/2023	Nil	-	-	\$97,118,54
	19,500	\$12.63	06/19/2024	Nil	-	-	-
	25,000	\$13.87	06/11/2025	Nil	-	-	-
Roman Doroniuk	25,000	\$10.80	04/02/2024	Nil	-	-	\$97,118,54
	19,500	\$12.63	06/19/2024	Nil	-	-	-
	25,000	\$13.87	06/11/2025	Nil	-	-	-
Terry Lyons	25,000	\$10.80	04/02/2024	Nil	-	-	\$97,118,54
	19,500	\$12.63	06/19/2024	Nil	-	-	-
	25,000	\$13.87	06/11/2025	Nil	-	-	-
Frank Macher	25,000	\$10.80	04/02/2024	Nil	-	-	\$97,118,54
	19,500	\$12.63	06/19/2024	Nil	-	-	-
	25,000	\$13.87	06/11/2025	Nil	-	-	-
Fred Olson	25,000	\$17.75	5/11/2017	Nil	-	-	\$97,118,54
	50,000	\$9.00	5/12/2018	Nil	-	-	-
	10,000	\$7.20	8/11/2019	\$13,900	-	-	-
	25,000	\$7.33	6/8/2020	\$31,500	-	-	-
	15,000	\$7.03	9/2/2021	\$23,400	-	-	-
	20,000	\$8.57	6/8/2022	\$400	-	-	-
	25,000	\$10.44	6/18/2023	Nil	-	-	-
	19,500	\$12.63	06/19/2024	Nil	-	-	-
	25,000	\$13.87	06/11/2025	Nil	-	-	-
Sandra Papatello	19,500	\$12.63	06/19/2024	Nil	-	-	\$97,118,54
	25,000	\$13.87	06/11/2025	Nil	-	-	-

- (1) Pursuant to the terms of the Stock Option Plan, for options that are scheduled to expire or terminate during or within 10 business days following a blackout period, the Expiry Date shall be the date that is the tenth business day following the date of expiry of the Blackout Period (the "Blackout Expiry Date"). If a new Blackout Period is imposed prior to the Blackout Expiry Date, the Blackout Expiry Date shall be the date that is the tenth business day following the date of expiry of the new Blackout Period.
- (2) On December 31, 2016, the closing price of the Common Shares on the TSX was \$8.59 per Common Share. Value is calculated based on the difference between the market value of the Common Shares as at December 31, 2016 and the exercise price of the option.
- (3) All DSUs vest on the Grant Date. DSUs are not redeemed until the Redemption Date, when a Director ceases to be a director of the Company. This amount represents the market value of previously granted unredeemed DSUs as of December 31, 2016. The value shown was determined using the closing price of the Company's Common Shares on the TSX on December 31, 2016 of \$8.59 per Common Share.

### ***Value Vested or Earned During the Financial Year Ended December 31, 2016***

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each non-executive director of the Company for the financial year ended December 31, 2016.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year<sup>(1)</sup></b>	<b>Share-Based Awards – Value Vested During the Year<sup>(2)</sup></b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year</b>
	(\$)	(\$)	(\$)
Scott Balfour	Nil	\$97,118.54	-
Roman Doroniuk	Nil	\$97,118.54	-
Terry Lyons	Nil	\$97,118.54	-
Frank Macher	Nil	\$97,118.54	-
Fred Olson	Nil	\$97,118.54	-
Sandra Pupatello	Nil	\$97,118.54	-

- (1) All DSUs are fully vested on the Grant Date. In 2016, 11,306 DSUs, including Dividend DSUs, were granted to each independent director. The value vested is determined by multiplying the number of DSUs granted during 2016 by the closing price of the Company's Common Shares on the TSX on December 31, 2016.
- (2) No options were granted to Directors in 2016. All other options held by Directors are fully vested on the respective grant dates.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Stock Option Plan**

The Company established a stock option plan in 2002 which was amended in 2007, 2009, 2010, 2013 and 2016.

The purpose of the Stock Option Plan is to permit the Company to motivate and reward individuals who contribute to the Company's profitability and to provide those individuals with a proprietary interest in the long term growth and financial success of the Company. The Board of Directors believes that the use of stock options will enhance the ability of the Company to continue to attract and retain talented individuals in a highly competitive industry and is an effective measure of compensation to align pay with performance and increasing shareholder value. The Stock Option Plan is administered by the Board of Directors, or, if so authorized (and such authorization has been given) the Compensation Committee.

Key provisions of the Stock Option Plan include: (a) restrictions that: (i) the number of Common Shares reserved for Insiders (as defined in the Stock Option Plan), at any time, under the Stock Option Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Common Shares; and (ii) the number of Common Shares issued to Insiders, within any one year period, under the Stock Option Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Common Shares; (b) a restriction that no more than 5% of the total number of issued and outstanding Common Shares may be issued to any one Insider in a one year period; (c) the option exercise price per Common Share may not be less than the closing price of the Common Shares on the trading day prior to the date of grant of the option and there shall be no option repricing; (d) the vesting period of all options shall be determined by the Board of Directors or the Compensation Committee and will have a minimum vesting period commencing 12 months from the date of grant; (e) options have a maximum term of 10 years;

(f) options shall, subject to certain specified exercise periods, expire upon the death, permanent disability or termination of employment of the optionee (in the event of termination of employment without cause the option shall expire 60 days after the date of termination and in the event of termination with cause the option shall immediately expire); (g) options are not transferable; and (h) at the discretion of the Board of Directors and subject to any applicable laws, the Company may provide financial assistance, on such terms and conditions as may be determined by the Board, to assist any optionee in the exercise of options granted under the Stock Option Plan. In light of Canada's tax laws, there are no holding or retention period requirements for exercised options. The sale of Common Shares upon exercise, however, is subject to the Company's insider trading policies.

The maximum number of Common Shares that may be reserved for issuance under the Stock Option Plan has been fixed at 9,000,000 Common Shares, which represents approximately 10.4% of the issued and outstanding Common Shares as of the date of this Management Information Circular. The Stock Option Plan, prior to the amendment in 2013, included an "evergreen" feature, that provided any exercises of options would make new grants available under the Stock Option Plan one year following the exercise of such options, effectively resulting in a re-loading of the number of options available to grant under the Stock Option Plan. Given the Board's decision to focus on other forms of compensation and its view that options are likely to be used less or issued more infrequently in future than in the past, the Board amended the Stock Option Plan to remove the evergreen feature for all options exercised in future, thus fixing the number of options available under the Stock Option Plan.

In addition, in 2013, the Company amended the Stock Option Plan to add a limitation on grants of options to Common Shares in the case of non-executive directors; such that the aggregate number of Common Shares which may be reserved for issuance to any one non-executive director of the Company shall not exceed the lesser of: (i) 1% of the number of Common Shares outstanding at any given point in time; and (ii) an annual equity award value of options of \$100,000 per such non-executive director. Recent option grants to non-executive directors have been at levels below these thresholds. As noted below, the Stock Option Plan was amended in 2016 so that options will no longer be issued to non-executive directors.

The Stock Option Plan conforms to TSX rules and regulations relating to security based compensation arrangements. The Board of Directors has discretion, subject to those matters requiring shareholder approval, to amend, suspend or terminate the Stock Option Plan or any option granted thereunder, provided that no amendment, suspension or termination shall adversely affect the rights of any holder of Options under any Option grant without the consent of such holder.

The types of amendments that require shareholder approval are:

- (i) an increase in the maximum number of Common Shares which may be issued pursuant to the Stock Option Plan;
- (ii) a reduction in the exercise price of an option held by an "insider" (as such term is defined under applicable securities laws) (other than as may result from the Stock Option Plan's general anti-dilution provisions) or the cancellation of options held by an insider for the purpose of reissuing them to the insider at a lower exercise price; and
- (iii) the extension of the expiry date of options held by an insider, other than in accordance with the proposed extension if the expiry date falls in, or within ten days after the end of, a blackout period.

In 2016, the Board has approved the following amendments to the Stock Option Plan:

- (i) option repricing is not permitted;
- (ii) in light of the DSU Plan for directors, option based remuneration will no longer be paid to non-executive directors; and
- (iii) any option granted in the future will have a minimum vesting period commencing 12 months from the date of grant and will vest over at least a three year period.

The following table sets out, as at December 31, 2016, the number of securities to be issued upon exercise of outstanding options, the weighted average exercise price of such outstanding options and the number of securities remaining available for future issuance under the Company's equity compensation plans.

Plan Category	Number of Securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	3,010,617 <sup>(1)</sup>	\$11.38	3,479,092 <sup>(2)</sup>
Equity compensation plans not approved by security holders	Nil	N/A	Nil
<b>Total</b>	3,010,617	\$11.38	3,479,092

- <sup>(1)</sup> All such options have been issued under the Stock Option Plan. There are no options outstanding granted outside the Stock Option Plan.
- <sup>(2)</sup> As at December 31, 2016, 3,479,092 Common Shares remained issuable upon exercise of options to be granted pursuant to the Stock Option Plan. However, pursuant to the requirements of the TSX, this number was reduced by 5,075 Common Shares issued to directors as compensation for services in previous years.

As at the date of this Management Information Circular, options to purchase an aggregate of 2,460,617 Common Shares have been granted and are outstanding pursuant to the Stock Option Plan. The number of Common Shares remaining available for future issuance is 4,001,592.

## OTHER COMPENSATION PLANS

### DSU Plan

The Company adopted a deferred share unit plan (the "DSU Plan") effective January 1, 2016.

Pursuant to the DSU Plan, non-executive directors (and certain designated employees) are entitled to elect to receive deferred share units ("DSUs") in satisfaction of all or part of his or her annual retainers; provided, however, that at least 50% of a non-executive director's annual retainer must be paid in DSUs. Each DSU has a value equal to the market price of the Common Shares, which under the DSU Plan is equal to the average closing price of the Common Shares in the period of twenty trading days preceding the applicable day.

Although each DSU is fully vested on grant, it is not payable by the Company until the non-executive director ceases to be a member of the Board for any reason including death. Each director is required to hold the DSUs until the director either resigns or is not re-elected to the Board, following which the DSU will be redeemed by the Company for cash during a prescribed period at a value equal to the market price of the Common Shares prevailing at the date of redemption. No Common Shares are issuable pursuant to the DSU Plan. A director cannot assign his or her entitlement to payment pursuant to the DSU Plan other than by will or the laws of descent and distribution. The Company may amend the DSU Plan as it deems necessary or appropriate, but no such amendment may adversely affect the rights of an eligible director in DSUs granted prior to the date of amendment without the consent of the director.

### PRSU Plan

Upon the recommendation of the Compensation Committee, on November 3, 2016 the Board approved the adoption of the performance and restricted share unit plan (the "PRSU Plan"). The PRSU Plan provides for the grant of performance share units ("PSUs") and/or restricted share units ("RSUs", and collectively with the PSUs, "Share Units") to certain key employees of the Company, as determined by the Compensation Committee. The purpose of the PRSU Plan is to:

- (a) ensure that the interests of the key employees are aligned with the success of the Company;
- (b) provide compensation opportunities to attract, retain and motivate key employees of the Company and its subsidiaries;
- (c) create an ownership mentality among key employees; and
- (d) mitigate excessive risk taking by Company employees.

Eligibility under the PRSU Plan is extended to eligible executives and employees of the Company's subsidiaries and affiliates as designated by the Compensation Committee from time to time as set out more particularly in the terms of the PRSU Plan.

A PSU is a performance-based notional share unit entitling the holder to a conditional right to payment where the value of each PSU vested and paid out is linked to the value of a Common Share. A RSU is a PSU for which there is no performance-based vesting condition.

#### Market Value

Each Share Unit has a value equal to market value of the Common Shares which under the PRSU Plan is equal to the average closing trading price of the Common Shares for the 20 trading days prior to the applicable day (the "Market Value"). Any dividends declared by the Company prior to settlement of the Share Units will result in the grant of an additional number of Share Units to the participant which is equal to the amount of the dividend multiplied by the number of Share Units held by such participant as of the dividend payment date of the dividend (which shall include any previous dividends declared by the Company with respect to such Share Units), and dividing the product of such amount by the Market Value of the Common Shares of the Company, as applicable, as of the record date of the dividend.

#### Vesting

Vesting of the Share Units is subject to the discretion of the Compensation Committee. Vesting of PSUs will typically depend on such financial, personal, operational or transaction-based performance criteria as determined by the Compensation Committee at the time of granting an award of PSUs. Vesting of RSUs will be determined by the Compensation Committee. The vesting date for any Share Unit shall be determined by the Compensation Committee at the time of grant, and shall not exceed three fiscal years from the date of grant. Settlement of the PSUs and RSUs shall generally occur on the date that is December 15 of the year in which the performance period (in the case of PSUs) and grant period (in the case of RSUs) ends.

At settlement, the Share Units held by participants may be settled, at the option of the Company, in cash or by the delivery of Common Shares purchased on the secondary market by a trustee appointed by the Company. Settlement of vested Share Units by cash shall be made by payment by the Company to the participant of an aggregate amount equal to the Market Value of the Common Shares on the settlement date multiplied by the number of Share Units being settled.

If upon a change of control, as defined in the PRSU Plan, there is no longer a public market for the Common Shares to determine Market Value or if the surviving, successor or acquiring entity does not assume the outstanding Share Units then the PRSU Plan shall be terminated immediately prior to such change of control and all vested Share Units shall be deemed to be vested Share Units as of the termination date of the PRSU and shall be redeemed on the date of termination of the PRSU Plan.

#### Termination

##### *PSUs*

Under the PSU Plan, unless otherwise determined by the Compensation Committee, if the employment of a participant is terminated for cause before all of the Share Units granted to such participant in respect of PSUs have become vested and have settled, such Share Units which have not vested and been settled by the date of such participant's termination will be forfeited immediately.

If the employment of a participant is terminated by the Company without cause a proportion of the Share Units that are granted to the participant in respect of PSUs which have not vested shall vest on an accelerated basis



based on the number months in the applicable measurement period that were worked or deemed worked prior to the termination compared to the total number of months in the applicable measurement. Such accelerated vesting Share Units will be redeemed at the end of the performance period based on actual performance for such period. Share Units which have not vested and been settled by the date of such participant's termination will be forfeited immediately.

In the event that a participant ceases to actively render services to the Company as a result of leave on account of a disability or by retirement all Share Units granted to the participant in respect of PSUs which have not vested and settled shall vest on an accelerated basis and will be redeemed at the end of the relevant performance period based on the actual performance for such period.

In the event that a participant ceases to actively render services to the Company as a result of death all Share Units granted to the participant in respect of PSUs which have not vested and settled shall vest on an accelerated basis and will be redeemed as at the date of the participant's death.

#### *RSUs*

Under the PRSU Plan, unless otherwise determined by the Compensation Committee, if the employment of a participant is terminated for cause before all of the Share Units granted to such participant in respect of RSUs have become vested and have settled, such Share Units which have not vested and been settled by the date of such participant's termination will be forfeited immediately.

If the employment of a participant is terminated by the Company without cause a proportion of the Share Units that are granted to the participant in respect of RSUs which have not vested and been settled by the date of such participant's termination will be forfeited immediately and all vested Share Units will be redeemed at the end of the grant period.

In the event that a participant ceases to actively render services to the Company as a result of leave on account of a disability or by retirement all Share Units granted to the participant in respect of RSUs which have not vested and settled shall vest on an accelerated basis and will be redeemed at the end of the grant period.

In the event that a participant ceases to actively render services to the Company as a result of death all Share Units granted to the participant in respect of RSUs all vested Share Units will be redeemed as at the date of the participant's death.

#### Assignment

Participants are not permitted to assign or transfer Share Units or any other benefits granted to the participant under the PRSU Plan other than by operation of law.

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

The Company maintains insurance for the benefit of the directors and officers of the Company and its subsidiaries against liability in their respective capacities as directors and officers of the Company thereof. For the last completed financial year, the premium payable by the Company and the total amount of insurance purchased for the directors and officers as a group was U.S. \$336,230 and U.S. \$80 million limit of liability, respectively. The directors and officers are not required to pay any premium in respect of the insurance.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

There is no indebtedness owing to the Company by any director or executive officer of the Company as at December 31, 2016 nor was any amount of indebtedness outstanding by any director or executive officer during fiscal 2016.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, no proposed nominee for election as a director nor any associate of any such director, officer or nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Management Information Circular. Furthermore, no informed person (as such term is defined under applicable securities laws), proposed nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed nominee has or had a material interest, direct or indirect, in any transaction since the beginning of the Company's last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries or affiliates.

In the last financial year, the Company obtained legal services relating to securities and corporate/commercial matters from Wildeboer Dellelce LLP. Mr. Wildeboer, the full time Executive Chairman of the Board of Directors of the Company, was a founding partner of that firm, but is no longer a partner and has no current equity or financial interest or profit participation in the firm.

## APPOINTMENT OF AUDITORS

KPMG LLP, Chartered Accountants, have been the auditors of the Company since the fiscal year ended April 30, 1995. **Unless the shareholder directs that its Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote for the reappointment of KPMG LLP, Chartered Accountants, as auditors of the Company until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.** KPMG LLP provides professional services for audits relating to statutory and regulatory requirements. The Company retains a broad range of professional advisors from time to time for professional services, and has used and may use KPMG LLP for limited tax services such as tax compliance, planning and tax advice.

Pages 44 and 45 of the Company's Annual Information Form filed on [www.sedar.com](http://www.sedar.com) on March 2, 2017 for the year ended December 31, 2016 sets out the information prescribed by Form 52-110F1 pursuant to NI 52-110. The disclosure in the section titled, "Additional Information Prescribed By Form 52-110F1" is incorporated by reference herein. The following table sets forth the various services provided by KPMG LLP and its affiliates to the Company during each of the Company's last two fiscal years, together with the fees billed for such services:

Fees	Fees Billed During the Year Ended December 31, 2016	Fees Billed During the Year Ended December 31, 2015
Audit Fees	\$1,655,000	\$1,984,000
Audit-related Fees	\$32,000	\$26,000
Tax Fees	\$338,000	\$267,000
Other Fees	\$83,000	--
<b>Total</b>	<b>\$2,108,000</b>	<b>\$2,277,000</b>

The audit services relate to professional services rendered for audits of the Company's annual financial statements and other regulatory audits. The audit-related services relate principally to pension plan audits, advice pertaining to accounting, internal controls, and due diligence-related matters in connection with acquisitions, financial accounting and reporting standards, and other regulatory audits and filings. The tax services relate to services for tax compliance, tax planning, and tax advice.

The Audit Committee has considered whether the provision of the above-captioned services is compatible with maintaining the auditors' independence and has determined that such services were fully compatible with the maintenance of their independence.

#### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management of the Company knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. However, if other matters which are not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgement of the persons voting the proxy.

#### **ADDITIONAL INFORMATION**

The Company shall provide to any person upon written request to the Secretary of the Company at any time:

- (i) one copy of the annual information form of the Company for the most recently completed fiscal year together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;
- (ii) one copy of the comparative financial statements of the Company for its most recently completed fiscal year together with the accompanying report of the auditors and one copy of any quarterly financial statements of the Company subsequent to the financial statements for its most recently completed fiscal year end; and
- (iii) one copy of the Management Information Circular of the Company in respect of its most recent meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that Management Information Circular, as appropriate,

provided that the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company. Written requests for a copy of the above documents should be directed to the Secretary of the Company, 3210 Langstaff Road, Vaughan, Ontario L4K 5B2.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Company is provided in the Company's comparative financial statements and management's discussion and analysis of operating results for the most recently completed fiscal year.

#### **GENERAL**

All matters referred to herein for approval by shareholders require a simple majority of the Common Shares held by shareholders voting at the Meeting.

Except where otherwise indicated, information contained herein is given as of the date hereof.

#### **DIRECTORS' APPROVAL**

The contents and the sending of the Notice of Meeting and this Management Information Circular to each shareholder of the Company entitled thereto, each director of the Company, the auditors of the Company and, where required, all applicable securities regulatory authorities have been approved by the Board of Directors.

**DATED** at Vaughan, Ontario, the 15<sup>th</sup> day of May, 2017.

#### **ON BEHALF OF THE BOARD OF DIRECTORS**

(SIGNED) "*Rob Wildeboer*"  
Executive Chairman

**SCHEDULE “A”**  
**CODE OF CONDUCT**

**PURPOSE**

The Board of Directors (the “Board”) of Martinrea International Inc. (the “Company” or “Martinrea”) has developed and adopted this Code of Conduct and Ethics (the “Code”) applicable to its Directors, Officers and Employees for the purpose of establishing and promoting the Company’s continued commitment to honesty and integrity in the conduct of its business.

All Directors, Officers and Employees of the Company are accountable for adherence to this Code and will at all times in relation to the Company:

- Act honestly and ethically and in the best interests of the Company.
- Comply with all applicable laws, rules and regulations of federal, provincial, state and local governments, and other appropriate private and public regulatory agencies including “insider trading” prohibitions.
- Not use or disclose any confidential information acquired as a result of their role with the Company for personal advantage.
- Avoid all actual or apparent conflicts of interest, as further explained below, between their personal and professional relationships, ethically handling all such actual or apparent conflicts of interest.
- Not take for themselves any opportunity that properly belongs to the Company or is discovered through the use of corporate property, information or position; or use any corporate property, information or position for personal gain; or compete with any business activity of the Company.
- Promptly and accurately provide all necessary information to assure that the Company’s public reports, documents and filings (including but not limited to those filed with any stock exchange or securities commission or in any other public communication) are full, fair, accurate, timely and understandable and that the Company’s public disclosure requirements are fully met.
- Promptly report any known violations of this Code to the Audit Committee Chairman.
- Not permit retaliation of any kind by or on behalf of the Company and its Directors, Officers and Employees against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

**CONFLICT OF INTEREST**

While Martinrea encourages its employees to be active in our local communities, each Director, Officer and Employee should avoid entering into any arrangement that may impair, or appear to impair, his or her ability to make objective and fair decisions when meeting his or her job responsibilities unless the arrangement has been escalated and approval to enter into such an arrangement has been received by the Vice President, Legal.

**Disclosure Requirements**

All conflicts of interest or the appearance of a conflict of interest, between a personal interest that a Director, Officer or Employee may have and his or her responsibility to Martinrea should be declared and escalated to the Vice President, Legal who will then in turn seek appropriate approval from the Executive Chairman or Lead Director.

All current and/or former familial relationships of people who work at Martinrea (in any division whatsoever in any capacity even if they do not work directly with the Director, Officer or Employee at the same plant or even if there

are no direct or indirect reporting lines) should be disclosed, including, but not limited to, parents, children, siblings, cousins and spouses.

### **Responsibilities of Directors, Officers or Employees**

It is the responsibility of each Director, Officer or Employee to remain free of conflicts of interest in the performance of his or her duties, unless such has been preapproved as noted above.

A “conflict of interest” is defined as any situation where a reasonable person would question whether or not the Director, Officer or Employee can perform his or her duties objectively and effectively given that he or she is working (directly or indirectly) with a family member or a friend; or when family members receive an improper personal benefit because of the Director, Officer or Employee’s employment with Martinrea; or when personal interests or activities influence (or appear to influence) the Director, Officer or Employee’s ability to act in the best interests of the Company. Conflicts of interest may also exist if the demands of an outside activity hinders or distracts the Director, Officer or Employee from being able to perform his or her job responsibilities or causes the use of Martinrea resources for purposes other than for the Company. Some examples of situations that may give rise to a conflict of interest include, but are not limited to, the following:

- Soliciting gifts or charitable donations from customers or suppliers
- Offering or accepting gifts or entertainment that compromise or appear to compromise Martinrea’s ability to make fair and objective business decisions or when they give or appear to give Martinrea an unfair advantage
- Accepting improper payments from a customer or supplier to secure a contract
- Doing business with family members who have a significant financial or other interest in another company in one of Martinrea’s industries
- Having a personal interest in a contract with Martinrea, or a company conducting business with Martinrea
- Managing your own business while being a full time Martinrea employee
- Serving as a Director on a Board of another business without prior approval from Martinrea
- Taking a Martinrea business opportunity for yourself
- Performing as a consultant to a competitor or supplier
- Engaging (or hiring in any capacity) a family member or friend as a consultant, employee or vendor of the Company
- Managing a customer account where the customer is a friend or family member

This Code may be amended, modified or waived from time to time by the Board in its sole discretion, and specific waivers may also be granted by the Audit Committee of the Board, subject to the disclosure and other provisions of the applicable Canadian securities legislation and the applicable rules of the stock exchanges upon which the Company’s Common Shares trade from time to time. Additional rules and regulations respecting employee conduct are contained in Martinrea’s Employee Handbook as issued by the Corporate Human Resources Department.

## **SCHEDULE “B”**

### **BOARD MANDATE**

#### **MANDATE OF THE BOARD OF DIRECTORS**

The board of directors of the Company (the “Board”) is responsible for the supervision of the management of the Company’s business and affairs, with the objective of increasing corporate performance and, ultimately, shareholder value.

Although management conducts the day-to-day operations of the Company, the Board has a duty of stewardship and regularly assesses and monitors management’s performance.

In spite of the fact that directors may be elected by the shareholders to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. All decisions of each Board member must be made in the best interests of the Company.

Directors are expected to attend all Board meetings and review all meeting materials in advance. They are expected to take an active part in Board decisions.

From time to time, the Board may delegate certain tasks to its committees. However, such delegation does not relieve the Board of its overall responsibilities.

#### **COMPOSITION AND QUORUM**

The Board is composed of a minimum of three and a maximum of ten members.

The Board is currently constituted with six individuals who qualify as independent directors, as determined by the Board.

The quorum at any meeting of the Board is a majority of directors in office.

#### **RESPONSIBILITIES**

The Board has the following responsibilities:

##### **With respect to strategic planning**

- (1) Approving the Company’s long-term strategy, taking into account, amongst other matters, business opportunities and risks.
- (2) Approving and monitoring the implementation of the Company’s business plan.
- (3) Advising management on strategic issues.

##### **With respect to human resources and performance assessment**

- (1) Choosing the Chief Executive Officer (“CEO”) and approving the appointment of other senior management executives.
- (2) Monitoring and assessing the performance of the CEO and of senior management and approving their compensation.
- (3) Monitoring management and Board succession planning processes.
- (4) Monitoring the size and composition of the Board and its committees based on competencies, skills and personal qualities sought in Board members.
- (5) Approving the list of Board nominees for election by shareholders.

### **With respect to financial matters and internal control**

- (1) Monitoring the integrity and quality of the Company's financial statements and the appropriateness of their disclosure.
- (2) Reviewing the general content of, and the Audit Committee's report on the financial aspects of, the Company's Annual Information Form, Annual Report, Management Proxy Circular, Management's Discussion and Analysis, prospectuses and any other documents required to be disclosed or filed by the Company before their public disclosure or filing with regulatory authorities.
- (3) Approving annual operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investments or divestitures.
- (4) Determining dividend policies and procedures.
- (5) Taking all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
- (6) Monitoring the Company's development of internal control and management information systems.
- (7) Monitoring the Company's compliance with applicable legal and regulatory requirements.
- (8) Reviewing at least annually the Company's communications policy and monitoring the Company's communications with analysts, investors and the public.

### **With respect to corporate governance matters**

- (1) Taking all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout the Company.
- (2) Reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback, and the adequate public disclosure thereof.
- (3) Adopting and reviewing, on a regular basis, the Company's Code of Conduct, including a code of ethics applicable to the Company's directors, its CEO, its financial officers and its other officers and employees and monitoring compliance with such code.
- (4) Taking all reasonable measures to ensure the annual performance assessment of the Board, Board committees, Board and committee chairs and individual directors.
- (5) Adopting orientation and continuing education programs for directors as to the business of the Company and as to directors' responsibilities generally.

### **METHOD OF OPERATION**

- (1) Meetings of the Board are held at least quarterly and as required; in addition, a meeting of the Board is held, at least annually, which includes the review of the Company's strategic plan or annual budget.
- (2) The Board chair develops the agenda for each meeting of the Board; the Lead Director provides input on the agenda for Board meetings. The agenda and the appropriate material are provided to directors of the Company on a timely basis prior to any meeting of the Board.
- (3) Independent directors meet periodically without management and other non-independent directors present.

## **SCHEDULE “C”**

### **MANDATE OF THE BOARD CHAIR**

The Board of Directors (the “Board”) is chaired by the Chairman with assistance from the Lead Director and the Chairs of each Board Committee in the area of each of such Committee’s expertise. The Lead Director is an independent director as are the Chairs of each Board Committee. The Chairman, with the co-operation and assistance of the Lead Director, is responsible for the management, the development and the effective performance of the Board. The Chairman is charged with taking all reasonable measures to ensure that the Board fully executes its mandate.

#### **RESPONSIBILITIES**

The Chairman has the following responsibilities:

##### **With Respect to Board Effectiveness**

- (1) Taking all reasonable steps to ensure that the Board works as a cohesive team and providing the leadership essential to achieve cohesiveness.
- (2) Arranging for adequate resources being made available to the Board (in particular timely and relevant information) to support its work.
- (3) Taking all reasonable steps to ensure that the Board has the information and access to management necessary to fulfil its mandate.

##### **With Respect to Board Management**

- (1) Chairing meetings of the Board.
- (2) Setting the agenda for each Board meeting, in consultation with the Chief Executive Officer and Lead Director.
- (3) Taking all reasonable steps to ensure that the conduct of the Board meetings facilitates discussion and provides sufficient time for proper analysis and discussion of the business under consideration.
- (4) Adopting procedures to ensure that the Board conducts its work in an effective and efficient manner.
- (5) Ensuring that the Board fulfils its mandate and responsibilities.
- (6) Taking all reasonable steps to ensure that, where responsibilities are delegated to committees or individual directors, said responsibilities are carried out and results are reported to the Board.
- (7) Taking all reasonable steps to ensure that independent directors meet periodically without management and the other non-independent directors being present.
- (8) Along with the Lead Director, approaching potential Board candidates, once identified by other members of the Board and senior management, and approved by the Corporate Governance and Nominating Committee, to explore their interest in joining the Board.
- (9) Taking steps to ensure that the behaviour and actions of the Board conform to the vision, mission and core values of Martinrea.



**With Respect to the Relationships Between the Board and Management, Shareholders and Other Stakeholders**

- (1) Taking all reasonable steps to ensure that the expectations of the Board toward management, and the expectations of management toward the Board, are clearly expressed, understood and respected.
- (2) Acting as liaison between the Board and senior management including taking the necessary steps to ensure that Martinrea is building a healthy governance culture and striving for best practices.
- (3) Setting the “ethical tone at the top” by becoming the personification of the vision, mission and core values of Martinrea.
- (4) Taking the steps necessary to ensure that senior management adheres to the vision, mission and core values of Martinrea.
- (5) Chairing annual and special meetings of the shareholders.
- (6) Along with the Lead Director, representing Martinrea to external groups such as shareholders and other stakeholders, including local community groups and governments.

## **SCHEDULE “D”**

### **LEAD DIRECTOR MANDATE**

#### **MANDATE OF THE LEAD INDEPENDENT DIRECTOR**

The independent directors (the “Independent Directors”) of the board of directors (the “Board”) of Martinrea International Inc. (the “Company”) are represented by an independent director (the “Lead Director”) who is responsible to support the effective performance of the Independent Directors on the Board.

#### **RESPONSIBILITIES**

The Lead Director has the following responsibilities:

##### **With respect to Independent Director Effectiveness**

- (1) Taking all reasonable steps to ensure that the Independent Directors work as a cohesive team within the Board and providing the leadership essential to achieve this.
- (2) Arranging for adequate resources being available to the Independent Directors (in particular timely and relevant information) to support their work.
- (3) Providing input on agenda items for Board of Director meetings that are requested by Independent Directors.

##### **With respect to Independent Director Management**

- (1) Chairing meetings of the Independent Directors (outside of Board committee work of those Independent Directors).
- (2) Taking all reasonable steps to ensure that the conduct of Board meetings facilitates discussions and provides adequate time for effective study and discussion of the business under consideration by the Independent Directors.
- (3) Taking all reasonable steps to ensure that the Independent Directors meet periodically without management and other non-independent directors present.

##### **With respect to the relationship between the Board and the Independent Directors**

- (1) Taking all reasonable steps to ensure that the expectations of the Board toward the Independent Directors are clearly expressed, understood and respected.
- (2) Acting as liaison between the Board and the Independent Directors outside of normal Board committee mandates. This involves working closely with the Chairman of the Board to ensure that the Company has and is building a healthy governance culture.

##### **With respect to the Audit Committee, Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee**

- (1) In the case of fulfilling the mandate of the Audit Committee, the Chairman of the Audit Committee shall perform the Lead Director role.
- (2) In the case of fulfilling the mandate of the Human Resources and Compensation Committee, the Chairman of the Human Resources and Compensation Committee shall perform the Lead Director role.
- (3) In the case of fulfilling the mandate of the Corporate Governance and Nominating Committee, the Chairman of the Corporate Governance and Nominating Committee shall perform the Lead Director role.

## SCHEDULE “E”

### HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER

**1. PURPOSE OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE** (the “Compensation Committee”)

1.1 The Compensation Committee will assist the Board of Directors in fulfilling its responsibilities to the Company’s shareholders, potential shareholders and the investment community in the areas of human resources and compensation. The Compensation Committee’s primary responsibilities and duties are to assist the Board of Directors with its oversight responsibilities by reviewing and reporting on:

- (a) Compensation philosophy of the organization, including a compensation strategy and compensation policies for executives, the design and administration of short and long-term incentive plans, stock option or stock appreciation rights plans, and other benefits and perquisites as may be proposed by the Chairman or the Chief Executive Officer or developed independently;
- (b) Compensation for executive officers;
- (c) Employment and termination arrangements for senior executive officers;
- (d) Adoption of new or significant modifications to pay and benefit plans;
- (e) Significant changes to the Company’s organizational structure relating to human resources functions;
- (f) The Committee’s proposed executive compensation report to be contained in the Company’s annual Management Proxy Circular;
- (g) Management development programs for the Company;
- (h) Any special employment contracts or arrangements with executive officers of the Company including any contracts relating to a change of control;
- (i) Compliance by the Company and its subsidiaries with all applicable employment and labour legislation; and
- (j) The performance of the Committee and the effectiveness of the Committee’s members.

The Compensation Committee will also conduct such other duties as may be assigned by the Board. With respect to the exercise of its duties and responsibilities, the Compensation Committee should:

- (a) exercise the care, diligence and skill that a reasonably prudent person would exercise gathering and considering all material information;
- (b) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;
- (c) understand and weigh alternative courses of conduct that may be available;
- (d) focus on weighing the benefit versus harm to the Company and its shareholders when considering alternative recommendations or courses of action;

- (e) if the Compensation Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining consultants or others to assist the Committee in fulfilling its duties and responsibilities; and
- (f) provide management with appropriate opportunities to meet privately with the Compensation Committee.

Nothing in this Charter is intended, or should be determined, to impose on any member of the Compensation Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject at law.

## **2. COMPOSITION AND MEETINGS**

- 2.1 The Compensation Committee shall be comprised of at least three directors, each of whom shall be an outside director, who is unrelated and free of any relationship that in the opinion of the Board of Directors would interfere with his or her exercise of independent judgment as a committee member.
- 2.2 The Compensation Committee will have a Chairperson nominated or approved by the Board of Directors from time to time as the Board of Directors sees fit.
- 2.3 A quorum for any meeting of the Compensation Committee shall be a majority of its members.
- 2.4 The Compensation Committee shall meet at least once annually and more frequently as circumstances may dictate. The Chairperson shall prepare and/or approve of an agenda in advance of each meeting. The Compensation Committee should meet privately in executive session at least annually with management.
- 2.5 The Compensation Committee shall be empowered to retain, at the expense of the Company, independent legal counsel, accountants or other consultants to assist it in the conduct of its Mandate.

## SCHEDULE “F”

### CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

1. **PURPOSE OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE** (the “CGNC”)
- 1.1 The CGNC will assist the Board of Directors in fulfilling its governance/supervisory regarding corporate governance in general, including without limitation: (i) activities relating to the selection, appointment and compensation of qualified, effective directors; (ii) matters relating to the stewardship role of the Board in respect of the management of the Company; and (iii) such procedures as may be necessary to allow the Board to carry out its activities independent of management. The CGNC’s primary responsibilities and duties are to assist the Board of Directors with its oversight responsibilities by the following:
  - (a) *Board Nominee Identification* - The CGNC shall establish processes for identifying, interviewing and recommending to the Board suitable nominees for appointment to the Board as additional members or to succeed existing Directors, guided by the following general principles in deciding upon such appointments: (i) the specific skill set required by the Board at a given time taking into account the skill sets of the remaining Board members; (ii) relevant industry, academic and employment-related qualifications of the individual; (iii) relevant industry experience; and (iv) alignment with the philosophies of the Company, including a commitment to promote the implementation of the policies adopted by the Company.
  - (b) *Committee Chair Recommendations* - The CGNC shall recommend to the Board a member of each Board committee to serve as Chair of such committee (including the CGNC).
  - (c) *Board Independence* - The CGNC shall formulate and administer all procedures required to ensure that the Board functions independently of Management.
  - (d) *Monitoring Effectiveness* - The CGNC shall monitor the effectiveness of the relationship between management of the Company and the Board and the effectiveness of the operation of the Board, Board committees and individual Directors, and recommend and ensure appropriate changes and improvements are made to meet the appropriate level of effectiveness.
  - (e) *Board Stewardship* - The CGNC shall make recommendations to the Board, on an ongoing basis, concerning corporate governance in general and regarding the Board’s stewardship role in the management of the Company; including the roles and responsibilities of Directors and the recommendation of appropriate policies and procedures to ensure Directors carry out their duties with due diligence and in compliance with all legal requirements. In particular, the Governance Committee will monitor compliance with any rules, regulations or guidelines promulgated by regulatory authorities relating to corporate governance.
  - (f) *Committee Structure and Membership* - The CGNC shall review the roles and mandates of the Board’s committees and any recommendations received from the committees, and recommend appropriate changes. It will also assess and provide recommendations on an annual basis to the Board on the effectiveness of the committees of the Board. The CGNC shall consider on a regular basis whether and to what extent the contribution of each of the Company’s Directors on the Board’s committees should be assessed.
  - (g) *Policies* - Review and recommend the adoption of corporate policies such as Disclosure Policies, Insider Trading Policies, and other relevant policies associated with ensuring an effective system of corporate governance.

The CGNC will also conduct such other duties as may be assigned by the Board. With respect to the exercise of its duties and responsibilities, the CGNC should:

- (a) exercise the care, diligence and skill that a reasonably prudent person would exercise gathering and considering all material information;
- (b) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;

- (c) understand and weigh alternative courses of conduct that may be available;
- (d) focus on weighing the benefit versus harm to the Company and its shareholders when considering alternative recommendations or courses of action;
- (e) if the CGNC deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining consultants or others to assist the Committee in fulfilling its duties and responsibilities; and
- (f) provide management with appropriate opportunities to meet privately with the CGNC.

Nothing in this Charter is intended, or should be determined, to impose on any member of the CGNC a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject at law.

## **2. COMPOSITION AND MEETINGS**

- 2.1 The CGNC shall be comprised of at least two directors, each of whom shall be an outside director, who is unrelated and free of any relationship that in the opinion of the Board of Directors would interfere with his or her exercise of independent judgment as a committee member.
- 2.2 A quorum for any meeting of the CGNC shall be a majority or all if only two of its members.
- 2.4 The CGNC shall meet at least once annually and more frequently as circumstances may dictate. The Chairperson shall prepare and/or approve of an agenda in advance of each meeting. The CGNC should meet privately in executive session at least annually with management.
- 2.5 The CGNC shall be empowered to retain, at the expense of the Company, independent legal counsel, accountants or other consultants to assist it in the conduct of its Charter.

## **SCHEDULE “G”**

### **AUDIT COMMITTEE CHARTER**

#### **1. PURPOSE OF THE AUDIT COMMITTEE**

1.1 The Audit Committee will assist the Board of Directors in fulfilling its responsibilities to the Company’s Shareholders, potential Shareholders and the investment community. The Audit Committee’s primary responsibilities and duties are to:

- (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- (b) monitor the integrity of the Company’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (c) monitor the independence and performance of the Company’s external auditors and internal auditing department;
- (d) provide an avenue of communication among the external auditors, management, the internal auditing department and the Board of Directors;
- (e) require management to develop policies, procedures and practices to manage principal risks;
- (f) monitor compliance with legal and regulatory requirements and ensuring that management create a culture of honesty and ethical behaviour, including setting the proper tone and placing a strong emphasis on fraud prevention; and
- (g) report to the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, subject to approval of the Board of Directors. The external auditors shall report to the Audit Committee and the Audit Committee shall have direct access to anyone in the organization.

#### **2. COMPOSITION AND MEETINGS**

2.1 The Audit Committee shall meet all requirements of the *Business Corporations Act* (Ontario), *Securities Act* (Ontario) and The Toronto Stock Exchange. The Audit Committee shall be comprised of at least three Directors, each of whom shall be an outside director who is unrelated and free of any relationship that, in the opinion of the Board of Directors, would interfere with his or her exercise of independent judgment as a committee member.

2.2 An outside Director is a Director who is not a member of management. An unrelated 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 interests of the Company, other than interests and relationships arising from shareholding.

2.3 All members of the Audit Committee shall be financially literate and able to read and understand basic financial statements. In addition, at least one member of the Audit Committee shall have accounting or related financial management experience.

2.4 The Audit Committee will have a Chairperson nominated or approved by the Board of Directors from time to time as the Board of Directors sees fit.

2.5 A quorum for any meeting of the Audit Committee shall be a majority of its members.

2.6 The Audit Committee shall meet quarterly or more frequently as circumstances may dictate. The Chairperson

shall prepare and/or approve an agenda in advance of each meeting. The Audit Committee should meet privately in executive session at least annually with management, the Chief Internal Auditor, the external auditors and, as a committee, to discuss any matters that the Audit Committee or each of the foregoing groups believe should be discussed.

2.7 In addition, the Audit Committee should communicate with management and the external auditors on an at least a semi-annual basis to review the Company's interim financial statements and significant findings based upon the auditors' review procedures.

### **3. RESPONSIBILITIES AND DUTIES**

3.1 In carrying out its responsibilities, the Audit Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

3.2 In particular, the Audit Committee shall:

- (a) review and reassess the adequacy of this Mandate at least annually and submit any changes to the Board of Directors for review;
- (b) review generally the Company's financial statements and related documents prior to filing or distribution, which review should include discussion with management of significant issues regarding accounting principles, practices and significant management estimates and judgments;
- (c) annually, in consultation with management, external auditors and internal auditors, consider the integrity of the Company's financial reporting processes and controls; discuss significant financial risk exposures and the steps that management has taken to monitor, control and report such exposures; and review significant findings prepared by the external auditors and the internal auditing department together with management's responses;
- (d) review with the external auditors, the internal auditors and financial accounting personnel the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable;
- (e) meet with the external auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof, review such audit; and review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;
- (f) review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Audit Committee's views to the Board of Directors;
- (g) review the independence and performance of, and recommend to the Directors, the external auditors to be selected to audit the financial statements of the Company and its divisions and subsidiaries, including ensuring that the Company has not hired and will not hire individuals for positions that would impair auditor independence;
- (h) approve the fees and other significant compensation to be paid to the external auditors;
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiaries by its external auditors;
- (j) review the mandate, budget, staffing, plan, changes in plan, activities, organizational structure and qualifications of the internal audit function, as needed;
- (k) review, on an annual basis, with the Company's legal counsel any legal matters that could have a significant



impact on the Company's financial statements, compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies;

- (l) review accounting and financial human resources and succession planning related thereto with the Company, to the extent such matters are not dealt with by another committee;
- (m) prepare and disclose a summary of this Mandate to shareholders;
- (n) establish and oversee a corporate whistleblower policy, establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- (o) submit minutes of all meetings of the Audit Committee to, or discuss matters discussed at each committee meeting with, the Board of Directors on an appropriate basis.

## **SCHEDULE “H”**

### **POSITION DESCRIPTION FOR THE CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer of Martinrea shall have full responsibility for the day-to-day operations of the Corporation’s business in accordance with its strategic plan as approved by the Board of Directors.

The Chief Executive Officer is accountable to the Board of Directors for the overall management of Martinrea and for conformity with policies agreed upon by the Board of Directors.

The approval of the Board of Directors (or appropriate committee) shall be required for all significant decisions outside of the ordinary course of Martinrea’s business.

More specifically, the primary responsibilities of the Chief Executive Officer include the following:

- (1) developing, for the Board of Directors’ approval, a strategic direction and positioning to ensure the Corporation’s success;
- (2) ensuring the day-to-day business affairs of Martinrea are appropriately managed by developing and implementing processes that will ensure the achievement of Martinrea’s financial and operating goals and objectives;
- (3) fostering a corporate culture that promotes professionalism, integrity, performance, customer focus and service;
- (4) keeping the Board of Directors aware of Martinrea’s performance and events affecting its business, including opportunities on the marketplace and adverse or positive developments;
- (5) recruiting, developing and maintaining competent and productive management teams and establishing the organizational structure within Martinrea and its subsidiaries; and
- (6) ensuring, in cooperation with the Board of Directors, that there is an effective succession plan in place for the Chief Executive Officer position.

**QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR:**



**NORTH AMERICAN TOLL FREE:  
1-877-452-7184**

**COLLECT OUTSIDE NORTH AMERICA:  
1-416-304-0211  
EMAIL: ASSISTANCE@LAURELHILL.COM**