



# **Richards Packaging Income Fund**

**(TSX: RPI.UN)**

**Notice of Annual Meeting of Unitholders and  
Management Information Circular**

**Annual Meeting – May 6, 2015**

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**ADDENDA**

SCHEDULE A	BOARD OF TRUSTEES – TERMS OF REFERENCE
	BOARD OF DIRECTORS – TERMS OF REFERENCE

## Notice of Annual Meeting of Unitholders

The Annual Meeting (the “Meeting”) of the holders of trust units of Richards Packaging Income Fund (the “Fund”) will be held at 9:30 a.m. (Toronto time) on Wednesday, May 6, 2015, at the offices of McMillan LLP, Suite 4400, Brookfield Place, Bay/Wellington Tower, 181 Bay Street, Toronto, Ontario for the following purposes:

1. to receive the consolidated financial statements of the Fund for the year ended December 31, 2014 and the report of the auditors thereon;
2. to elect the trustees of the Fund for the ensuing year;
3. to elect the directors of Richards Packaging Holdings Inc. (“Holdings”) for the ensuing year;
4. to appoint PricewaterhouseCoopers LLP as the auditors for the ensuing year and authorizing the trustees of the Fund to fix the remuneration to be paid to the auditors; and
5. to transact such other business as may properly come before the Meeting and any adjournment thereof.

The accompanying Management Information Circular of the Fund provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice. The financial statements for the year ended December 31, 2014 and the report of the auditors thereon are included in the Fund’s Annual Report available on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).

By Order of the Board of Trustees

**(Signed)** “*Donald Wright*”  
Trustee, Chairman of the Board  
Richards Packaging Income Fund

Dated at Toronto, Ontario this 27<sup>th</sup> day of March, 2015

**Richards Packaging Income Fund**

## MANAGEMENT INFORMATION CIRCULAR

For the Annual Meeting of Unitholders  
To be held on Wednesday, May 6, 2015

The trustees (the “Trustees”) of Richards Packaging Income Fund (the “Fund”), in conjunction with the management of Richards Packaging, are pleased to announce the Fund’s eleventh annual meeting (the “Meeting”). We are asking you to vote and are soliciting proxies and voting instructions for the votes on the matters to be considered at the Meeting of holders (the “Unitholders”) of trust units (the “Units”) of the Fund. The costs of preparing and mailing the Notice of Meeting, this Management Information Circular and related matters are being borne by the Fund and Richards Packaging. The record date for notice and voting is March 26, 2015.

### The Fund

The Fund is an open-ended, limited purpose trust established under the laws of the Province of Ontario by a Declaration of Trust (as amended, the “Trust Declaration”) to hold the securities of Richards Packaging, directly or indirectly. “Richards Packaging” as used herein refers to all the subsidiaries of the Fund which include Richards Packaging Holdings Inc. (“Holdings”), Richards Canada, Richards Packaging Holdings (US) Inc. (“Holdings US”), 071907 Inc., Richards Packaging, Inc. (“Richards US”), The E.J. McKernan Co (“McKernan”) and McKernan Packaging – Richards de Mexico S.A. de C.V. Richards Packaging is a full service rigid packaging distributor and has 20 locations across Canada and the United States.

The Fund does not carry on any active business but rather holds the securities of Holdings, directly or indirectly. The affairs of the Fund are supervised by its board of Trustees, who are responsible for, among other things, representing the Fund as a direct or indirect shareholder and note indenture holder of Holdings and authorizing distributions from the Fund to the Unitholders. Since the change to the SIFT rules for Income trusts, expenses required to maintain the note indenture are not warranted and the indenture was dramatically reduced and now will be replaced with intercompany notes.

### Voting Securities and Principal Holders of Voting Securities

The Fund is authorized to issue an unlimited number of Units and 10,695,878 Units were issued and outstanding as of March 27, 2015. Each Unit entitles the holder to one vote. An unlimited number of special voting units (“Special Voting Units”) may be created and issued by the Fund pursuant to the Declaration of Trust. As of March 27, 2015, Special Voting Units of 687,793 are held by holders of exchangeable shares of Holdings and 336,642 are held by holders of exchangeable shares of Holdings US. The Fund has issued one Special Voting Unit for each one exchangeable share of Holdings that is outstanding and has issued 1,000 Special Voting Units for each one exchangeable share of Holdings US that is outstanding. On the record date established for the Meeting, the holders of the Special Voting Units are entitled to one vote per Special Voting Unit outstanding. The record date for determining notice of and voting rights at the Meeting is March 26, 2015.

To the knowledge of the Trustees, no person or company beneficially owns, or controls or directs, directly or indirectly, Units or Special Voting Units carrying more than 10% of the voting rights attached to the issued and outstanding Units or Special Voting Units, except the following:

Name of Beneficial Owner or Person Exercising Voting Control	Number of Units	% of Outstanding Units	Number of Special Voting Units	% of Outstanding Special Voting Units	% of Outstanding Units and Special Voting Units
Mr. Gerry Glynn	1,969,557	18.4%	309,908	30.3%	19.4%
Mr. Timothy McKernan	854,990	8.0%	336,642	32.9%	10.2%
Mr. David Prupas	537,044	5.0%	224,271	21.9%	6.5%

## **Interest of Certain Persons in Matters to be Acted Upon**

No Trustee of the Fund, director or officer of Richards Packaging, nor their respective associates or affiliates, 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 herein.

## **Information for Beneficial Holders of Securities**

The information set forth in this section is of significant importance to beneficial holders of Units (herein referred to as “Beneficial Unitholders”), as they do not hold Units registered in their own names on the records of the Fund. Such holders should note that since all Units are held in the book-based system operated by CDS Clearing and Depository Services Inc. (“CDS”), only proxies deposited by CDS, as the sole registered Unitholder, can be recognized and acted upon at the Meeting. If Units are listed in an account statement provided to a Beneficial Unitholder by a broker, then those Units will not be registered in the Beneficial Unitholder’s name on the records of the Fund. All of such Units will be registered under the name of CDS & Co., the registration name for CDS. Units may only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers/nominees are prohibited from voting Units on behalf of their clients.

In accordance with applicable securities laws, the Fund has distributed copies of the Notice and this Management Information Circular and the form of proxy to be used by CDS as the sole registered Unitholder (collectively, the “meeting materials”) to CDS and intermediaries for onward distribution to Beneficial Unitholders.

## **VOTING & PROXY MATTERS**

Intermediaries are required to forward meeting materials to Beneficial Unitholders unless a Beneficial Unitholder has waived the right to receive them. Typically, intermediaries will use service companies to forward the meeting materials to Beneficial Unitholders. Beneficial Unitholders who have not waived the right to receive meeting materials will either:

- a) be given a voting instruction form which must be completed and signed by the Beneficial Unitholder in accordance with the directions on the voting instruction form, which may in some cases permit the completion of the voting instruction form by telephone or through the Internet. A Beneficial Unitholder who receives a voting instruction form cannot use that form to vote the Units directly at the Meeting; rather, the Beneficial Unitholder must complete the voting instruction form in accordance with the instructions contained therein well in advance of the Meeting; or
- b) less frequently, be given a proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Units beneficially owned by the Beneficial Unitholder but which is otherwise uncompleted. This form of proxy need not be signed by the Beneficial Unitholder. In this case, the Beneficial Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy received from the intermediary and deposit it with the Fund’s transfer agent, to CST Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1 as described below under “Appointment of Proxies”.

The purpose of these procedures is to permit Beneficial Unitholders to direct voting of the Units they beneficially own. Should a Beneficial Unitholder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person, or have another person attend and vote on behalf of the Beneficial Unitholder, the Beneficial Unitholder should insert the Beneficial Unitholder’s, or such other person’s, name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form.

***In either case, Beneficial Unitholders should carefully follow the instructions of their intermediaries and their service companies.***

## **Revocation of Proxies**

A registered Unitholder who has given a proxy may revoke the proxy:

- a) by completing a proxy signed by the Unitholder or by the Unitholder's attorney authorized in writing bearing a later date and depositing it with the transfer agent as described above; or
- b) by depositing an instrument of revocation in writing executed by the Unitholder or by the Unitholder's attorney authorized in writing:
  - i) at the registered office at Richards Packaging at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or
  - ii) with the chairman of the Meeting prior to the exercise of the proxy; or
- c) in any other manner permitted by law.

A Beneficial Unitholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an intermediary at anytime by written notice to the intermediary, except that an intermediary may not act on a revocation of a voting instruction form or of a waiver of the right to receive meeting materials and to vote that is not received by the intermediary in sufficient time prior to the Meeting.

***If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please review the voting instructions provided to you or contact your broker or agent well in advance of the Meeting to determine how you can do so.***

## **Solicitation of Proxies and Voting Instructions**

This Management Information Circular is furnished in connection with the solicitation of proxies and voting instructions by the Trustees of the Fund and management of Richards Packaging for use at the Meeting and at any adjournment thereof, for the purposes set forth in the Notice of Meeting and in this Management Information Circular. In addition to the use of mail, proxies and voting instructions may be solicited in person, by telephone, or by other means of communication, by employees of Richards Packaging, who will not be remunerated therefor. Richards Packaging reserves the right to retain proxy solicitation services or dealers, for appropriate compensation, but has no current plans to do so.

## **Appointment of Proxies**

***The persons named in the enclosed form of proxy are Trustees. A registered Unitholder who wishes to appoint some other person to represent him/her at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. Such other person need not be a Unitholder.***

To be valid, proxies must be returned to CST Trust Company so as to arrive not later than 5:00 p.m. (Toronto time) on May 4, 2014 or, if the Meeting is adjourned, 48 hours before any reconvened meeting or be deposited with the chairman of the Meeting prior to the commencement of the Meeting or any reconvened meeting. Proxies may be returned by facsimile to (416) 368-2502, or by mail (a) in the enclosed envelope, or (b) hand delivery or courier to CST Trust Company, 320 Bay Street, Basement Level (B1 Level), Toronto, Ontario M5H 4A6.

## **Voting of Proxies**

The persons named in the accompanying form of proxy, who are Trustees, will vote or withhold from voting Units in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Unitholder appointing them and, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly.

***In the absence of such specification, such Units will be voted in favour of each of the matters to be acted upon as set out herein.***

The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and Notice of Meeting and with respect to any other matters, which may be properly brought before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their judgment on such matter or business. At the time of printing this Management Information Circular, the Trustees knew of no such amendment, variation, or other matter.

## **BUSINESS OF THE MEETING**

### **1. Financial Statements**

The audited consolidated financial statements of the Fund for the year ended December 31, 2014 are included in the Fund's 2014 Annual Report filed on SEDAR at [www.SEDAR.com](http://www.SEDAR.com), and will be presented to Unitholders at the Meeting.

### **2. Election of Trustees of the Fund**

The Trust Declaration provides for a minimum of three and a maximum of ten Trustees, with the number of Trustees to be elected to be determined by the Trustees. The Trustees have determined that five persons should be elected as Trustees and the five nominees proposed for election as Trustees are listed below. Each of the individuals is also proposed as a nominee of the Fund for election as a director of Holdings ("Director"). All are currently Trustees as well as Directors of Holdings (please see below under "Election of Directors of Holdings"). All nominees have established their eligibility and willingness to serve as Trustees. The Trustees elected will hold office until the next annual meeting of Unitholders or until their successors are appointed.

#### **Policy on Individual Election of Trustees/Directors**

The Trustees/Directors adopted a policy to permit Unitholders to vote on individual Trustees/Directors at general meetings of Unitholders. The policy requires a Trustee's/Director's resignation as a Trustee/Director when the Trustees/Director receives more "withheld" votes than "for" votes in an uncontested election of Trustees/Directors at a general meeting of Unitholders. The Compensation and Corporate Governance Committee would be expected to recommend that the Board of Trustees accept the resignation. The other Trustees/Directors would be expected to accept the resignation.

If, for any reason at the time of the Meeting, any of the nominees are unable to serve as Trustees, and unless otherwise directed, the persons named in the form of proxy intend to vote in their discretion for a substitute nominee or nominees.

The following table sets out the names of and certain additional information for the persons proposed to be nominated for election as Trustees (and as Directors of Holdings):

<b>Trustee/Director</b>	<b>Age</b>	<b>Active Since</b>	<b>AC (1)</b>	<b>CCGC (2)</b>	<b>Background</b>
Donald Wright Ownership or control or direction over: 15,000 Units Resident of Toronto, Ontario, Canada	67	April 7, 2004		√	Donald Wright holds Director positions on various boards of directors and is currently President and CEO of Winnington Capital Group Inc. Mr. Wright was Deputy Chairman of TD Bank Financial Group from 2001 to 2002 and Chairman and Chief Executive Officer of TD Securities Inc. from 1998 to 2002.
Wayne McLeod Ownership or control or direction over: 5,770 Units Resident of Toronto, Ontario, Canada	75	April 7, 2004	√	√	Wayne McLeod holds Director positions on various boards of directors. Mr. McLeod retired in 1999 from CCL Industries Inc., where he served as President, Chief Executive Officer and Chairman of the Board.
Derek Ridout Ownership or control or direction over: 10,000 Units Resident of Toronto, Ontario, Canada	72	April 7, 2004	√	√	Derek Ridout has had extensive board experience over the past 15 years, including nine years on the Shoppers Drug Mart board where he chaired the compensation committee for seven years. From 2001 to 2003, Mr. Ridout was Chief Executive Officer of Legg Mason (formerly Perigee Investment Management).
Rami Younes Ownership or control or direction over: 10,000 Units Resident of Toronto, Ontario, Canada	64	October 13, 2005	√	√	Rami Younes holds Director positions on various boards of directors including Ontario Teachers Private Capital which holds packaging businesses among its portfolio. Mr. Younes served as President of CCL Container, a division of CCL Industries Inc. from 1980 to 2006.
Gerry Glynn Ownership or control or direction over, collectively: 2,279,465 Units and Special Voting Units <sup>(3)</sup> Resident of Calgary, Alberta, Canada	58	April 7, 2004			Gerry Glynn has been Chief Executive Officer of Richards Packaging since November 2002.

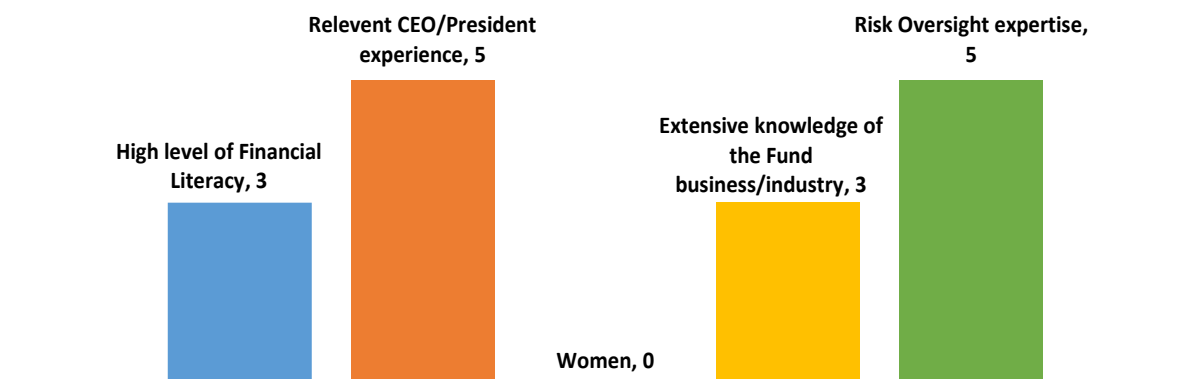
(1) AC - Audit Committee.

(2) CCGC - Compensation and Corporate Governance Committee.

(3) See "Voting Securities and Principal Holders of Voting Securities" on page 5.

The information as to the Units and Special Voting Units beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Fund, has been provided by the respective nominees individually.

Our Trustee/Director nominees bring a balance of relevant skills to our boardroom:





### 3. Election of Directors of Holdings

Pursuant to the Trust Declaration, the Trustees are bound to vote the common shares of Holdings held by the Fund to elect those individuals to serve as directors of Holdings as the Unitholders may direct. The Trustees/Directors adopted a policy to permit Unitholders to vote on individual Trustees/Directors at general meetings of Unitholders. (See “Policy on Individual Election of Trustees/Directors” above). The same persons named above under “Election of Trustees of the Fund” are proposed to be nominated for election as directors of Holdings. All are currently directors of Holdings and Trustees have established their eligibility and willingness to serve as Directors. If elected, each will hold office until the next annual meeting of the Unitholders or until their successors are elected or appointed.

If, for any reason at the time of the Meeting, any of the nominees are unable to serve as directors of Holdings, and unless otherwise directed, the persons named in the form of proxy intend to vote to direct the Trustees to elect a substitute nominee or nominees.

### 4. Appointment of Auditors

It is intended that Units represented by the proxies hereby solicited will be voted for the appointment of PricewaterhouseCoopers LLP as auditors of the Fund, to hold office until the next annual meeting of Unitholders and authorizing the Trustees to fix the auditors’ remuneration. PricewaterhouseCoopers LLP have been the auditors of the Fund since May 24, 2007.

## CORPORATE GOVERNANCE DISCLOSURE

The following constitutes the Fund’s disclosure of its corporate governance practices and is made pursuant to and with reference to *National Instrument 58-101, Disclosure of Corporate Governance Practices* (hereinafter collectively the “Corporate Governance Guidelines”).

### Board Composition

The Boards of Trustees and Directors (the “Boards”) have determined that 4 out of 5 Trustees/Directors, representing a majority of the Trustees/Directors, are independent as such term defined in National Instrument 52-110. The independent Trustees/Directors are Donald Wright, Wayne McLeod, Derek Ridout and Rami Younes. A person is “independent” if he or she does not have a direct or indirect “material relationship” with Richards Packaging. A “material relationship” is a relationship which, in the view of the Trustees/Directors, could be reasonably expected to interfere with the exercise of a Trustee’s/Director’s independent judgment. Gerry Glynn is not considered an independent Trustee/Director as he is Chief Executive Officer of Richards Packaging.

Certain of the Trustees/Directors are also directors of other issuers that are reporting issuers in Canada (or the equivalent in foreign jurisdictions) as follows:

Name of Trustee/Director	Directorships
Donald Wright	GMP Capital Inc., DHX Media Ltd., Jaguar Resources Inc. (formerly Lateral Capital Corporation), Mettrum Health Corp
Wayne McLeod	New Flyer Industries

The Boards meet at least once each quarter, with additional meetings held when appropriate. The independent Trustees/Directors have the ability to hold meetings at which non-independent Trustees/Directors and members of management are not in attendance.

Individual attendance at Trustee/Director meetings and committee meetings for the year ended December 31, 2014 was as follows:

<b>Trustee/Director</b>	<b>Board of Trustees/Directors</b>	<b>Audit Committee</b>	<b>Compensation and Corporate Governance</b>
Donald Wright	100% (6 of 6) <sup>1</sup>	100% (1 of 1) <sup>2</sup>	100% (2 of 2)
Wayne McLeod	83% (5 of 6)	100% (5 of 5) <sup>1</sup>	50% (1 of 2)
Derek Ridout	100% (6 of 6)	100% (5 of 5)	100% (2 of 2) <sup>1</sup>
Rami Younes	100% (6 of 6)	100% (5 of 5)	100% (2 of 2)
Gerry Glynn	100% (6 of 6)	n/a	n/a

<sup>1</sup> denotes Chair of Board/Committee

<sup>2</sup> Mr. Wright was no longer a member of the audit committee effective May 9, 2014.

## **Board Mandate**

The mandate can be found in Schedule A to this Management Information Circular.

## **Position Descriptions**

The role of the Chair of each of the Boards of Trustees and Directors is described in the Board of Trustees and Directors – Terms of Reference attached herewith as Schedule A to this Management Information Circular.

Individual position descriptions for the Chair of each Board committee have not been developed. However, the Boards have implemented terms of reference for the Audit Committee and the Compensation and Corporate Governance Committee which set out the fundamental duties, responsibilities and objectives of those committees. The chair of each committee has the responsibility of monitoring that the committee is meeting its terms of reference.

The Compensation and Corporate Governance Committee has developed and approved a position description for the Chief Executive Officer. The Chief Executive Officer is responsible for the oversight of the day to day management of Richards Packaging's operations, the strategic and business plan of Richards Packaging and overseeing the quality and integrity of the management of Richards Packaging.

## **Orientation and Continuing Education**

The Compensation and Corporate Governance Committee is responsible for establishing and administering the orientation and continuing education of Directors and committee members. The Board of Trustees is responsible for establishing and administering the orientation and continuing education of Trustees and committee members. New Trustees/Directors are briefed on the role of the Boards and its committees and on the Fund's structure, financial results and other aspects. Extensive documentation is provided to them to enable them to better understand the Fund and Richards Packaging. In addition, tours of the organization's facilities are conducted where appropriate.

On an ongoing basis, meetings are held regularly to keep the Boards informed of developments within Richards Packaging. In addition, presentations are made and reports are provided on various aspects of Richards Packaging's operations.

## **Ethical Business Conduct**

Richards Packaging has developed a Code of Conduct which prescribes standards of behavior in many areas relating to financial integrity, customer and supplier relations, computer security, conflicts of interest, confidential information and accuracy of books and records. The Code of Conduct applies to all Directors and employees of Richards Packaging and to Trustees. Management monitors compliance with the Code of Conduct. The

Compensation and Corporate Governance Committee monitors management and Director/Trustee compliance with the Code of Conduct. Any deviations from the Code of Conduct would be discussed at Board Meetings. A copy of the Code of Conduct can be found on the Fund's website at [www.richardspackaging.com](http://www.richardspackaging.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The Compensation and Corporate Governance Committee is responsible for reviewing transactions in respect of which a Director or senior member of management has a material interest to ensure they reflect market practices and are in the best interests of Richards Packaging or the Fund. The Board of Trustees is responsible for reviewing transactions in respect of which a Trustee has a material interest to ensure they reflect market practices and are in the best interest of Richards Packaging or the Fund. In the case of any transaction or agreement in respect of which a Trustee/Director has a material interest, the Trustee/Director is required to disclose his interest to the Board and to refrain from voting on such transaction.

## **Nomination of Trustees/Directors**

The Compensation and Corporate Governance Committee is comprised entirely of independent members and is responsible for the nomination of new Directors and the Board of Trustees has this responsibility for the nomination of new Trustees. Although the Board of Trustees is not comprised entirely of independent members, the majority of the members are independent and this ensures an objective nomination process. It is the role of the Compensation and Corporate Governance Committee and the Board of Trustees to annually assess the size and composition of their respective Boards and committees, to review the effectiveness of their Boards and to recommend the addition or replacement of one or more Trustee/Director as may be considered appropriate from time to time.

## **Compensation**

The Directors, acting on recommendations of the Compensation and Corporate Governance Committee, reviews the adequacy and the form of senior management's and the Directors' compensation, as determined based on a review of the competitive marketplace, to ensure that they are current and reflective of each of their roles and responsibilities. The Board of Trustees reviews the adequacy and form of the Trustees' compensation in the same manner. See also "Compensation Discussion and Analysis" on page 14 hereof.

The Compensation and Corporate Governance Committee has the following roles and responsibilities:

- reviews and makes recommendations to the Boards concerning the appointment, hiring, compensation, benefits and termination of senior officers and all other significant employees of Richards Packaging.
- annually reviews the Chief Executive Officer's goals and objectives for the upcoming year and provide an appraisal of the Chief Executive Officer's performance.
- makes recommendations concerning the remuneration of the Board of Directors.
- administers and makes recommendations regarding the long-term incentive program ("LTIP").
- develops Richards Packaging's approach to corporate governance issues,
- advises the Board in filling vacancies on the Board and periodically reviews the composition and effectiveness of the Board and the contribution of individual Directors.

The Compensation and Corporate Governance Committee are all independent of management.

## **Assessments**

The Compensation and Corporate Governance Committee regularly conducts an evaluation of the effectiveness of the Board of Directors, individual Directors and of its committee. Assessments are performed through the use of Board and Director self assessment questionnaires and are compiled by the Chair of the Compensation and Corporate Governance Committee and reviewed with the Board. The Board of Trustees regularly conducts an evaluation of its effectiveness, as well as of its committees and the individual Trustees in the same manner. The last assessment was completed in 2013 and the next self assessment is scheduled for 2015 and future assessments will be performed on an annual basis.

## **Board Term Limits and Renewal**

The Fund has not adopted term limits as the Boards believes that regular assessments are more effective as mechanisms for Board renewal. Our Compensation and Corporate Governance Committee considers Board renewal in the context of the needs of the Board at the time and the benefits of the skill set, knowledge and expertise of the board members as a whole. The Compensation and Corporate Governance Committee also has the mandate to ensure regular assessments address the performance of individual members, the Board as a whole and the Board committees. Through these assessments, it is determined whether an individual member is able to continue to make an effective contribution.

## **Gender Diversity**

The Fund has not adopted a written policy relating to the identification and nomination of women Board members and executive officers. At the next opportunity, the Compensation and Corporate Governance Committee will identify, evaluate and recommend candidates with the goal of creating a Board that consists of individuals with a high level of financial literacy, extensive knowledge of the Fund business and industry and relevant CEO/President and risk oversight experience. Consideration will be given to all factors it deems relevant in the process of identifying candidates, including the representation of women and diversity as a whole. The Fund's current executive officers all have long tenures at their positions with experience and expertise in their respective positions. If the opportunity arises, a Fund's executive officer will be chosen with the goal of obtaining the most qualified candidate also with consideration given to the representation of women and diversity as a whole.

The Fund has not adopted targets regarding women representation on the Boards and instead utilizes its regular assessments in addressing Board composition. The Fund has not adopted targets regarding women in executive office positions as it selects candidates based on the most relevant skill sets. None of the Fund's directors and executive officers are women however, 9 of the 30 senior management team members (30%) are women and 2 of the past 5 vacancies have been filled with women.

## **Other Board Committees**

The Audit Committee's terms of reference can be found in the Fund's 2014 Annual Information Form dated March 5, 2015. There are no other standing committees other than the Audit Committee and the Compensation and Corporate Governance Committee.

## COMPENSATION DISCUSSION AND ANALYSIS

### COMPENSATION OF EXECUTIVE OFFICERS OF RICHARDS PACKAGING

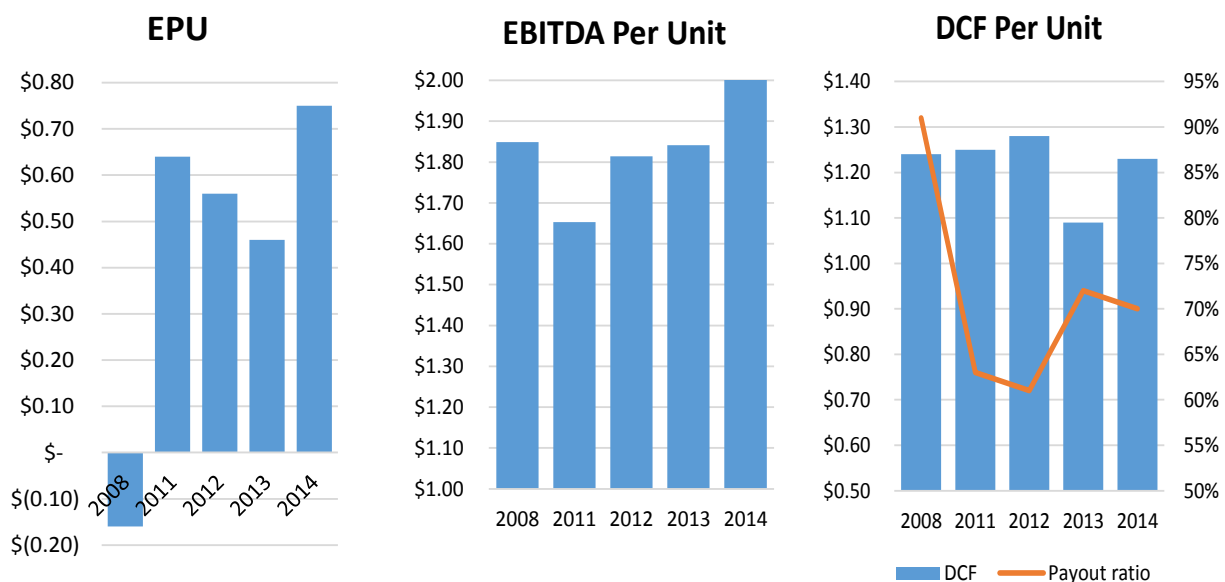
#### Overview

The objective of Richards Packaging’s executive compensation program is to provide both short and long term rewards to senior executives that are consistent with individual and company performance and their contribution to Richards Packaging’s objectives. This includes base salaries, an annual incentive plan (“AIP”) and grants under the LTIP. Levels of compensation are established and maintained with the intent of attracting and retaining quality employees.

The Compensation and Corporate Governance Committee reviews and recommends on an annual basis the compensation under the AIP and the LTIP for each senior executive officer and the Board ultimately approves such compensation. In setting such levels, the Committee considers responsibilities and scope, the overall performance of the Fund and the comparator group benchmarks.

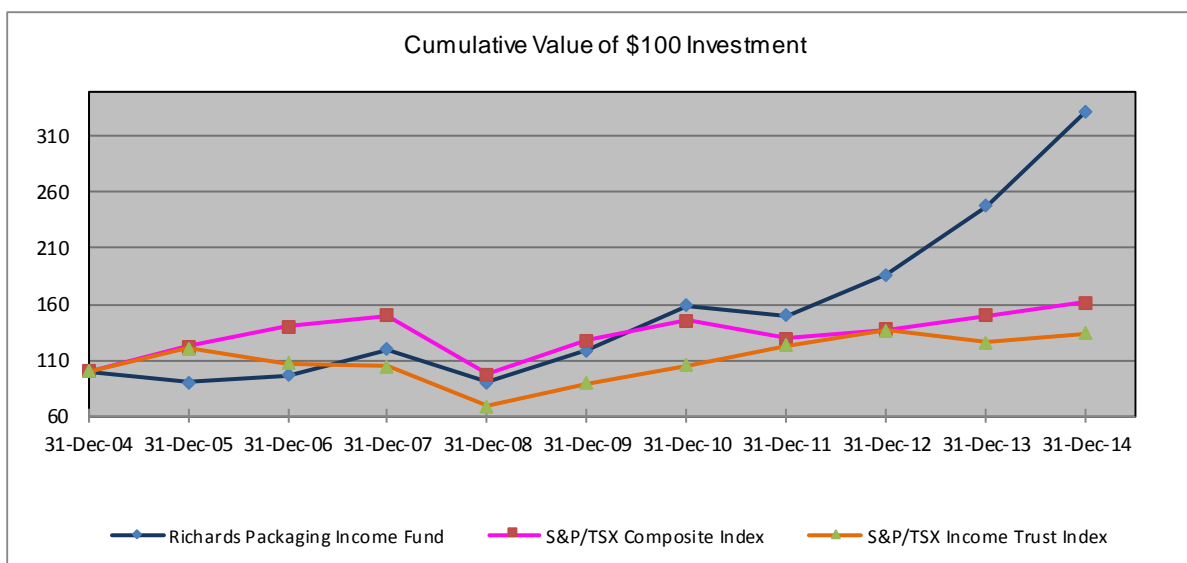
#### Performance Graphs

The following graphs summarize the Fund’s performance based on Net Income per Unit (“EPU”), EBITDA<sup>1</sup> per Unit and Distributable Cash Flow<sup>2</sup> per Unit (“DCF per Unit”) utilizing 2008 as the benchmark year:



Net income per Unit differs from EBITDA per Unit and Distributable Cash Flow per Unit due predominately to items such as mark-to-market on exchangeable shares (and debt in 2008), distributions on exchangeable shares, amortization of intangible assets and deferred income taxes. For 2014, net income and distributable cash flow increased and payout ratio<sup>3</sup> decreased slightly due to patent defense legal costs of \$0.08 per Unit that did not repeat.

The following graph compares the total cumulative return to Unitholders on \$100 invested in Units with the total cumulative return of the S&P/TSX Composite Total Return Index and the total cumulative Unitholder return of the S&P/TSX Income Trust Index (assuming reinvestment of distributions as of the date of payment of same) for the period from January 1, 2005 to December 31, 2013. On December 31, 2014, the Units closed at \$13.29 and \$15.97 on March 26, 2015. Returns from Income Trust Index approximate those from the High Yield Diversified Market population used above in the comparator group beginning on page 14.



Monthly distributions were 9.35¢ until 2009 when they were suspended for six months then reinstated at 6.55¢ and maintained at that level through to 2013. In 2009, the Units saw significant gains due to the recovery of the economy which continued into 2010. In 2011, the Units price was slightly lower as a significant Unitholder put their position up for sale in the last quarter. During 2012 and 2013, significant gains were experienced as the Fund's leverage decreased 0.6x to 1.6x ahead of our comparator group. In 2014, the Fund increased the monthly distributions beginning in March by 0.8¢ per Unit (or 12%) to 7.35¢ per Unit. The trend in total executive compensation paid over the comparable period to the Named Executive Officers, included in the below table has not increased or decreased at the same rate as the Unitholder return. The following summarizes the amounts returned to Unitholders for the previous three years:

	<u>2012</u>		<u>2013</u>		<u>2014</u>	
	<u>(\$000's)</u>	<u>\$ per Unit</u>	<u>(\$000's)</u>	<u>\$ per Unit</u>	<u>(\$000's)</u>	<u>\$ per Unit</u>
Distributions	9,271	0.79	9,235	0.79	10,175	0.87
Unit Value	12,267	1.04	23,233	1.98	32,478	2.77
NCIB	244	0.02	426	0.04	88	0.01
LTIP	(100)	(0.01)	(100)	(0.01)	(200)	(0.02)
<b>Total</b>	<b>21,682</b>	<b>1.84</b>	<b>32,794</b>	<b>2.79</b>	<b>42,541</b>	<b>3.63</b>

The total compensation earned by the Named Executive Officers over the past two financial years is consistent with the objectives of Richards Packaging's executive compensation program.

### Comparator Group Benchmarks

We have updated the peer group analysis of 51 high yield, dividend paying companies done in 2013 that were comparable in size, utilizing both revenue and net income, and included in the High Yield Diversified Market population found on page 1 of the Fund's 2014 Annual Report. The peer group used for the purpose of comparing total compensation consisted of the following 48 companies with the following performance metrics:

	<u>Revenue</u>	<u>Net Income</u>	<u>Monthly Distributions</u>	<u>Payout ratio</u>	<u>Leverage</u>
	<u>(\$000's)</u>	<u>(\$000's)</u>	<u>(¢)</u>	<u>(%)</u>	
Fund	215,285	8,022	7.35	70	1.3
Comparator Group	216,261	7,846	7.33	67	2.5

A&W Revenue Royalties Income Fund	Firm Capital Mortgage Investment Corporation	Pollard Banknote Limited
AG Growth International Inc.	First National Financial Corp.	Rainmaker Entertainment Inc.
Altus Group Limited	FP Newspapers Inc.	The Second Cup Ltd.
Armtec Infrastructure Inc.	Gamehost Inc.	Sir Royalty Income Fund
Big Rock Brewery Inc.	GMP Capital Inc.	Spyglass Resources Corp.
Boston Pizza Royalties Income Fund	Hardwoods Distribution Inc.	Strongco Corporation
Boyd Group Income Fund	Hartco Inc.	Student Transportation Inc.
Carfinco Financial Group Inc.	HNZ Group Inc.	Supremex Inc.
Cargojet Inc.	IBI Group Inc.	Ten Peaks Coffee Company Inc.
Chesswood Group Limited	Imvescor Restaurant Group Inc.	TerraVest Capital Inc.
Clearwater Seafoods Incorporated	K-Bro Linen Inc.	Tree Island Steel Ltd.
Coast Wholesale Appliances Inc.	Keg Royalties Income Fund	Trimac Transportation Ltd.
Data Group Ltd.	Medical Facilities Corporation	Vicwest Inc.
DirectCash Payments Inc.	Morneau Shepell Inc.	Village Farms International, Inc.
Dominion Citrus Income Fund	New Look Eyewear Inc.	WesternOne Inc.
Enercare Inc.	Pizza Pizza Royalty Corp.	Westshore Terminals Investment Corporation

A Named Executive Officer's base salary and total compensation may be higher or lower than the reference point in the comparator group based on responsibilities, performance, experience and potential. In summary, the comparator group data indicated the following:

	<u>Salary (\$)</u>		<u>AIP's (\$)</u>			
	<u>Mean</u>	<u>Current</u>	<u>Mean</u>	<u>% of Net Income</u>	<u>Current</u>	<u>% of Net Income</u>
CEO	378,344	263,500	582,527	7.4%	125,000	1.6%
CFO	238,637	185,000	192,879	2.5%	100,000	1.2%
COO	254,926	263,500	219,471	2.8%	125,000	1.6%

## Summary Compensation Table

The following table provides a summary of the compensation earned by the Chief Executive Officer, the Chief Financial Officer and each of the other most highly compensated executive officers of Richards Packaging whose total salary and bonus for 2012 exceeded \$150,000 (collectively the "Named Executive Officers"):

Name and Principal Position	Year	Salary (\$)	LTIP (\$)	AIP (\$)	All Other Compensation <sup>(1)</sup> (\$)	Total Compensation (\$)	Ownership multiple of base salary
Gerry Glynn <i>Chief Executive Officer</i>	2014	263,500	29,890	94,512	6,399	394,301	141
	2013	263,500	22,450	62,031	6,399	354,380	
Enzio Di Gennaro <i>Chief Financial Officer</i>	2014	185,000	18,000	81,521	3,923	288,444	9
	2013	185,000	15,000	58,249	3,923	262,172	
David Prupas <i>President and Chief Operating Officer</i>	2014	263,500	29,890	94,512	--	387,902	47
	2013	263,500	22,450	62,031	--	347,981	
Tim McKernan <sup>(2)</sup> <i>President-McKernan Packaging</i>	2014	250,000	--	125,000	--	375,000	70
	2013	250,000	--	100,000	--	350,000	
Terry Edwards <i>Vice President – US Operations</i>	2014	167,500	5,000	23,209	--	195,709	1
	2013	167,500	5,000	22,734	--	195,234	

Notes:

- Perquisites and other benefits do not exceed the lesser of \$50,000 and 10% of the annual salary of the Named Executive Officer. Other compensation for Mr. Glynn and Mr. Di Gennaro relates to life insurance premiums paid on behalf of the Named Executive Officer.
- Mr. McKernan's compensation is shown and paid in US dollars. For 2014, salary and total compensation at the average US/Cdn \$ exchange rate of 1.10 was \$275,000 and \$360,500 respectively. For 2013, salary and total compensation at the average US/Cdn \$ exchange rate of 1.03 was \$257,500 and \$360,500 respectively.

Compensation matters concerning the Chief Executive Officer are approved by the Board on the recommendation of the Compensation and Corporate Governance Committee. Mr. Glynn is subject to an employment agreement with Richards Packaging which expires May 2017. In consideration for his services, Mr. Glynn receives a base salary which is fixed for the duration of the agreement and an annual cash bonus which is based 75% on the actual level of earnings before interest, income taxes and amortization (“EBITDA”)<sup>1</sup> achieved by Richards Packaging in comparison to budget and 25% on the achievement of goals and objectives which in 2014 related to working capital, human resources and financing and investor relations. In 2015, for the 2014 year, Mr. Glynn received approximately 84% of his targeted bonus entitlement relating to the earnings level and the remainder of his bonus was awarded to him for achieving goals relating to working capital management, manufacturing strategy, rebalancing Richards Packaging’s management resources and improving investor relations.

The base salary of each Named Executive Officer (as defined below) of Richards Packaging is fixed and determined based on the individual’s level of responsibility, his experience level and overall performance. The Compensation and Corporate Governance Committee set the base salaries for the majority of the Named Executive Officers. The base salaries of those executives other than the Chief Executive Officer were determined by the Chief Executive Officer as stated in their employment agreements. The AIP payments and LTIP awards, also determined by the Chief Executive Officer, are variable and based on Richards Packaging’s achievement of financial targets and/or on the individual’s achievement of personal goals and objectives for a given year. The AIP payments for the Chief Financial Officer and President is based 75% on the actual level of earnings before interest, income taxes and amortization achieved by Richards Packaging in comparison to budget and 25% on the achievement of goals and objectives. The AIP for the President of McKernan Packaging and VP of US operations is based 100% on the actual level of earnings of their respective divisions in comparison to budget. The Named Executive Officers must meet 80% of budgeted earnings levels in order to receive a payout under the actual in comparison to budget portion of their AIP payment.

### **Annual Incentive Plans**

Senior management, including the Named Executive Officers and other professional and managerial level employees of Richards Packaging, participates in the AIP, which is designed to motivate and reward the on-going efforts and successes of management and professional staff. The plan provides incentive payments by way of annual cash bonuses based on: (i) level/position; (ii) the actual individual/group performance as compared to plan in key result areas; and (iii) the financial performance of Richards Packaging. Approximately \$978,000 (2013 – \$832,000) is payable to approximately 61 employees for 2014 (2013 – 58) under the AIP, of which approximately \$431,200 (2013 – \$307,000) was paid to the Named Executive Officers, as indicated in the Summary Compensation Table.

All the Named Executive Officers are eligible to participate in the benefit plans that are available to substantially all of Richards Packaging’s other employees. These benefit programs include supplementary medical insurance, life insurance and long-term disability. Besides the plans that are available to substantially all employees, Richards Packaging offers additional limited perquisites to some or all of the Named Executive Officers. These perquisites are consistent with those provided to other executives and are designed to ensure that the Company can retain the Named Executive Officer. These additional benefits consist of mainly automobile allowances.

The Compensation and Corporate Governance Committee has reviewed with senior management this Compensation Discussion and Analysis and based on such review has recommended to the Board that this Compensation Discussion and Analysis be included in this Circular.

### **Long Term Incentive Plan (“LTIP”) Awards**

#### **Outstanding Unit-Based Awards and Value Vested or Earned During 2013**

The following table shows all Unit-based awards outstanding for each Named Executive Officer and the incentive plan awards value vested or earned for each Named Executive Officer during 2014. Awards under the LTIP are granted in dollar amounts credited to the Named Executive Officers and are used to reimburse the Named Executive Officers for purchases of Units by them in the open market after the awards vest.



Name	Unit-Based Awards (\$)				
	Opening Payout Value	Exercised	Awarded	Closing Payout Value	Cumulative Amount Exercised
Gerry Glynn	22,450	(22,450)	29,890	29,890	141,425
Enzio Di Gennaro	15,000	(15,000)	18,000	18,000	95,000
David Prupas	22,450	(22,450)	29,890	29,890	141,425
Terry Edwards	5,000	(5,000)	5,000	5,000	58,340

For 2014 \$112,780 (2013 – \$84,900) was awarded to 8 employees (2013 – 7 employees). The Directors committed to annual funding of \$250,000 for 2015.

Trustees/Directors and key senior management of Richards Packaging are eligible to participate in the LTIP. The purpose of the LTIP is to provide eligible participants with compensation opportunities that will encourage ownership of Units, enhance Richards Packaging’s ability to attract, retain and motivate key personnel and reward key senior management for significant performance and associated per Unit cash flow growth of the Fund. Pursuant to the LTIP, Richards Packaging has set aside a pool of funds based upon the amount by which the Fund’s per Unit distributions exceed certain per Unit distributable cash threshold amounts. Awards granted to participants under the LTIP program are based upon a dollar value approved by the Board of Directors and can only be used to purchase Units in the marketplace. The awards vest over a three year period. The participants submit proof of payment for Units purchased in the open market before he or she is reimbursed for his or her entitlement. It is up to the discretion of the participant to submit a claim for the amount that has vested, however, the amount that has vested can be deferred until a future period. The LTIP is administered by the Compensation and Corporate Governance Committee. The Board of Directors of Richards Packaging or the Compensation and Corporate Governance Committee have the power to, among other things, determine: (1) those individuals who will participate in the LTIP; (2) the level of participation of each participant; and (3) the time or times when ownership of the Units will vest for each participant. LTIP awards are granted to employees who have managed specific working capital levels and contributed to increasing earnings in Richards Packaging.

No stock options or stock appreciation rights were awarded by Richards Packaging or were outstanding as at December 31, 2014.

## **Employment Contracts and Termination and Change of Control Benefits**

All the Named Executive Officers (“NEO”) except for Terry Edwards have employment contracts that outline the terms and conditions pertaining to their employment with Richards Packaging. The employment agreements contain non-solicitation and non-competition covenants in favour of Richards Packaging which apply during the term of the NEO’s employment and for a period of 12 months following the termination of their employment, and confidentiality covenants in favour of Richards Packaging which apply indefinitely. In addition, this agreement provides that Richards Packaging may terminate the NEO’s employment at any time and without cause by providing notice to or, in lieu of notice, by paying base salary plus bonus accrued at that time for a six-month period. In the case that employment terminates following a change in control, the NEO will be paid one year’s base salary and target bonus. Any unvested rewards under the LTIP program will vest at that time.

A summary of the material terms of each employment agreement is as follows:

The employment agreement with Mr. Glynn expires on May 31, 2017, subject to the termination provisions within the agreement. This agreement provides for a base salary of \$263,500, and for eligibility to receive an annual performance-based bonus of \$125,000 based on actual EBITDA<sup>1</sup> achieved.

The employment agreement with Mr. Di Gennaro expires on May 31, 2017, subject to the termination provisions within the agreement. This agreement provides for a base salary of \$185,000 and eligibility to receive an annual performance-based bonus of \$100,000 based on actual EBITDA achieved.

The employment agreement with Mr. Prupas expires on May 31, 2017, subject to the termination provisions within the agreement. This agreement provides for a base salary of \$263,500 and eligibility to receive an annual performance-based bonus of \$125,000 based on actual EBITDA<sup>1</sup> achieved.

The employment agreement with Mr. McKernan expires on May 31, 2017, subject to the termination provisions within the agreement. This agreement provides for a base salary of US\$250,000 and eligibility to receive an annual performance-based bonus of US\$125,000 based on actual EBITDA achieved.

## **COMPENSATION OF THE BOARD OF TRUSTEES AND THE DIRECTORS OF HOLDINGS AND ITS SUBSIDIARIES**

Total compensation for each Trustee/Director for 2014 is as follows:

<b>Trustee/Director <sup>(1)</sup></b>	<b>Director(\$)</b>	<b>Chair(\$)</b>	<b>Meeting(\$)</b>	<b>Fees Earned(\$)</b>
Donald Wright	25,000	30,000	7,500	62,500
Wayne McLeod	25,000	15,000	6,250	46,250
Derek Ridout	25,000	15,000	7,500	47,500
Rami Younes	25,000	n/a	7,500	32,500

Notes:

- (1) Compensation information for Mr. Glynn is reported in the Summary Compensation Table for Named Executive Officers above. Mr. Glynn receives no additional compensation for acting as Trustee or a Director.

The Trust Declaration provides that the independent Trustees shall be paid reasonable remuneration for their services as the Trustees may from time to time determine (the "Compensation Amount") and in no event shall the fees payable on an annual basis by the Fund to any independent Trustee in his or her capacity as a trustee, together with fees paid on an annual basis to such independent Trustee in his or her capacity as a Director of any subsidiary of the Fund, exceed the Compensation Amount for that year. The Directors/Trustees do not receive any other compensation except for fees earned for acting as a director/trustee.

The Fund also reimburses Trustees and Directors for out-of-pocket expenses for attending meetings, and Trustees and Directors also participate in certain insurance and indemnification arrangements.

### **Indebtedness of Trustees of Fund and Directors and Officers of Richards Packaging**

No amounts are owed to the Fund or its subsidiaries by any of the Trustees or by any of the Directors, executive officers or other senior management of Richards Packaging.

### **Interest of Informed Persons in Material Transactions**

Mr. McKernan, who is an officer of The E.J. McKernan Co., has equity interests in two companies who are landlords under two leases relating to property in (i) LaSalle, Illinois that has a base rent of U.S. \$32,250 per month and expires on December 31, 2020 and (ii) Washoe, Nevada that has a base rent of U.S. \$11,155 per month and expires on March 31, 2016. Management believes that the terms of the leases are no more onerous, and the pricing is no greater, than that which would be in place under comparable commercial arrangements with third parties.

### **Other Business**

Management is not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Annual Meeting of Unitholders. If any other matters properly come before the

Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

## **Audit Committee Information**

Please refer to the Fund's Annual Information Form dated March 5, 2015 under the heading "Audit Committee Information" for certain information relating to the Audit Committee of the Fund.

## **Additional Information**

The Units are listed on the TSX under the trading symbol RPI.UN.

Financial information about the Fund is contained in its comparative financial statements and management's discussion and analysis for the fiscal year ended December 31, 2014.

Additional information relating to the Fund may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and [www.richardspackaging.com](http://www.richardspackaging.com). In addition, copies of the Fund's financial statements for the year ended December 31, 2014, together with the respective reports of the auditors thereon, management's discussion and analysis of the Fund's financial condition and results of operations are available upon request made to the attention of Enzo Di Gennaro or [edigennaro@richardspackaging.com](mailto:edigennaro@richardspackaging.com). The Fund may require the payment of a reasonable charge if a person who is not a Unitholder of the Fund makes the request.

- 
- 1 Management defines EBITDA as earnings before amortization, financial expenses, exceptional items (disputed duties and patent defense costs), unrealized losses and dividends on exchangeable shares, share of income - Vision and taxes. EBITDA is the same as profit from operations as outlined in the annual financial statements after adding back amortization and patent defense costs. The definition was changed in 2013 to exclude disputed duties and as a result, relevant comparative amounts have been recalculated to conform to the presentation. Management believes that in addition to net income, EBITDA is a useful supplemental measure for investors of earnings available for distribution prior to debt service, capital expenditures and taxes. Management uses this measure as a starting point in the determination of earnings available for distribution to Unitholders and exchangeable shareholders. In addition, EBITDA is intended to provide additional information on the operating performance. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA does not have a standardized meaning prescribed by IFRS and therefore the method of calculating EBITDA may not be comparable to similar measures presented by other companies.*
  - 2 Management defines distributable cash flow, in accordance with Richards Packaging's credit agreement, as EBITDA less extraordinary items, interest, cash income tax expense and maintenance capital expenditures. Free cash flow is distributable cash flow less distributions. The objective of presenting these measures is to calculate the amount which is available for distribution to Unitholders or exchangeable shareholders and to determine the amount available to fund increases in working capital or expansion capital. Investors are cautioned that distributable cash flow should not be construed as an alternative to cash flow from operating, investing and financing activities as a measure of the liquidity and cash flows. Distributable cash flow does not have a standardized meaning prescribed by IFRS and therefore the method of calculating distributable cash flow may not be comparable to similar measures presented by other companies.*
  - 3 Management defines payout ratio as distributions and dividends declared over distributable cash flow<sup>2</sup>. The objective of presenting this measure is to calculate the percentage of actual distributions in comparison to the amount available for distribution. Payout ratio does not have a standardized meaning prescribed by IFRS. The method of calculating the payout ratio may not be comparable to similar measures presented by other companies.*

## **Trustees Approval**

The Board of Trustees has approved the contents and the mailing to Unitholders of this Proxy Circular.

By Order of the Board of Trustees

**(Signed)** *“Donald Wright”*

Trustee, Chairman of the Board

March 27, 2015

## Schedule A

### Board of Trustees– Terms of Reference

#### Role

The role of the Board of Trustees (the “Board”) is to supervise the business and affairs of Richards Packaging Income Fund (the “Fund”) to enhance the long-term value of the Fund. The Board is elected by the unitholders to ensure that the best interests of the unitholders are advanced by enhancing unitholder value in a manner that recognizes the concerns of other stakeholders in the Fund. The Board should also ensure that the Fund’s capital structure is preserved and have a distribution policy that is consistent with this mandate.

#### Authority and Responsibilities

The Board meets regularly to review reports on the performance of the Fund. In addition, the Board performs the following functions:

- **Investment planning** – overseeing the investment planning process within the Fund and reviewing, approving and monitoring the investment plan for the Fund including fundamental financial and investment strategies and objectives;
- **Risk assessment** – assessing the major risks facing the Fund and reviewing, approving and monitoring the manner of managing those risks;
- **Maintaining integrity** – reviewing and monitoring the controls and procedures within the Fund to maintain its integrity including its disclosure controls and procedures and its internal controls and procedures for financial reporting;
- **Financial Reporting** – approving the financial statements of the Fund and the management’s discussion and analysis accompanying such financial statements as well as other regulatory reports;
- **Corporate Governance** – developing the Fund’s approach to corporate governance, monitor developments and proper practices in corporate governance issues; and
- **Declaration of Trust** – fulfilling all of their responsibilities under the Fund’s Declaration of Trust, including declaring and approving distributions.

In addition to those matters that must, by law, be approved by the Board, specific Board approval must be obtained for:

- Any new loan agreement or guarantee or any equity financings;
- Any new acquisition or divestiture; and
- Any other material agreement or arrangement that is not in the ordinary course of business.

#### Composition and Procedures

##### Size of Board and Selection Process

The Trustees of the Fund are elected each year by the unitholders at the annual meeting of unitholders. The Board proposes a slate of nominees to the unitholders for election. Any unitholder may propose a nominee for election to the Board either by means of a unitholder proposal upon compliance with the requirements prescribed by the Canada

Business Corporations Act or at the annual meeting. The Board also determines the number of Trustees on the Board, subject to a minimum of three and a maximum of ten. Between annual meetings, the Board may appoint Trustees to serve until the next annual meeting.

## **Qualifications**

Trustees should have the highest personal and professional ethics and values and be committed to advancing the best interests of the unitholders of the Fund. They should possess skills and competencies in areas that are relevant to the Fund's activities. A majority of the Trustees will be "independent Trustees" as defined in National Instrument 52-110.

## **Change in Personal Circumstances**

The Board requires any Trustee to offer his resignation if there has been a relevant change in his personal circumstances, or if he has not attended at least 75% of the regularly scheduled Board and relevant committee meetings in the most recent twelve month period. The Board will evaluate the impact of the change on the composition of the Board and accept or reject the resignation as appropriate.

## **Trustee Orientation**

The Board is responsible for providing an orientation and education program for new Trustees. Each new Trustee must, within three months of becoming a Trustee, spend one day at the head office of the Fund for personal briefings on the Fund's investment plan, major risks and other key business matters.

## **Meetings**

The Board has at least four scheduled meetings a year. The Board is responsible for its agenda. Materials for each meeting will be distributed to the Trustees in advance.

At the conclusion of meetings of the Board, the independent Trustees shall meet with only independent Trustees present.

## **Committees**

The Board has established an Audit committee to assist the Board in discharging its responsibilities. Special committees are established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each permanent committee is reviewed annually by the Board.

## **Evaluation**

The Trustees will regularly perform an evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Trustees.

## **Compensation**

The Board will decide the compensation and benefits for non-management Trustees in consultation with Unitholders. In reviewing the adequacy and form of compensation and benefits, the Board seeks to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a Trustee of the Fund and align the interests of the Trustees with the best interests of the unitholders.

## **Access to Independent Advisors**

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Fund. Any Trustee may, subject to the approval of the Chair of the Board, retain an outside advisor at the expense of the Fund.

## **Other**

The Board must be satisfied that each Trustee has advised the Board with respect to any other boards on which the member may serve from time to time and consider whether such situations may constitute conflicts of interest.

Review transactions that a Trustee has a material interest to ensure they reflect market practices and are in the best interests of the Fund.

## **Role of the Chair**

The Chair is appointed by the Board of Trustees. The role of the Chair is as follow:

- Manage the business of the Board and ensure that the functions identified in the Terms of Reference of the Board are being effectively carried out by the Board and its committees;
- Ensure that all Trustees receive the information required for the proper performance of their duties;
- Ensure that the appropriate committee structure is in place and recommend appointments to such committees;
- Lead in the annual review of Trustee and Board performance and make recommendations for changes when appropriate;
- Provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit;
- Fulfilling his or her Board leadership responsibilities in a manner that will ensure that the Board is able to function independently of management of Richards Packaging Inc. This should include ensuring that the appropriate procedures are in place for the Board to meet regularly without management present.
- Taking a leadership role in ensuring effective communication and relationships between the Fund, unitholders, and stakeholders.

The Chair of the Board will be an independent Trustee.

## **Board of Directors– Terms of Reference**

### **Role of Board of Directors of Richards Packaging Holdings Inc.**

The Board of Directors (the “Board”) is responsible for the stewardship of Richards Packaging. “Richards Packaging” as used herein refers to all subsidiaries of Richards Packaging Income Fund (the “Fund”) which include Richards Packaging Holdings Inc., Richards Packaging Inc., Richards Packaging Holdings (US) Inc., 071907 Inc., Richards Packaging, Inc., The E.J. McKernan Company and McKernan Packaging-Richards de Mexico S.A. de C.V. The Board establishes the overall policies for each company and evaluates the strategic direction of Richards Packaging. Accordingly, the mandate of the Board is to supervise the management of the business and affairs of each company to enhance shareholder value.

### **Authority and Responsibilities**

The Board meets regularly to review reports by management on the performance of Richards Packaging. In addition to the general supervision of management, the Board performs the following functions:

- **Strategic planning** – overseeing the strategic planning process within Richards Packaging and reviewing, approving and monitoring the strategic plan for the companies including fundamental financial and business strategies and objectives;
- **Risk assessment** – assessing the major risks facing the companies and reviewing, approving and monitoring the manner of managing those risks;
- **CEO** – developing a position description for the CEO including the corporate objectives that the CEO is responsible for meeting and selecting, evaluating and compensating the CEO;
- **Senior management** – overseeing the selection, evaluation and compensation of senior management and monitoring succession planning; and
- **Maintaining integrity** – reviewing and monitoring the controls and procedures within the entity to maintain its integrity including its internal controls and procedures for financial reporting and compliance with its code of ethics.

In addition to those matters that must, by law, be approved by the Board, specific Board approval must be obtained for:

- Any capital disposition or expenditure in excess of \$250,000 and any cost overrun on any project in excess of \$50,000, whichever is less;
- Any new loan agreement or guarantee or any equity financings;
- Any new acquisition or divestiture; and
- Any other material agreement or arrangement that is not in the ordinary course of business.

### **Composition and Procedures**

#### **Size of Board and Selection Process**

The Compensation and Corporate Governance Committee proposes to the Board the number and nominees for election to each Board. The directors of Richards Packaging Holdings Inc. are elected each year by the unitholders of the Fund at the annual meeting of unitholders. Between annual meetings, the Board may appoint directors to serve until the next annual meeting.



## **Qualifications**

Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of Richards Packaging. They should possess skills and competencies in areas that are relevant to Richards Packaging's activities. A majority of the directors will be "independent directors" as defined in National Instrument 52-110.

## **Change in Personal Circumstances**

The Board requires any director to offer his resignation if there has been a relevant change in his personal circumstances, or if he has not attended at least 75% of the regularly scheduled Board and relevant committee meetings in the most recent twelve month period. The Board will evaluate the impact of the change on the composition of the Board and accept or reject the resignation as appropriate.

## **Director Orientation**

The Board is responsible for providing an orientation and education program for new directors. Each new director must, within three months of becoming a director, spend one day at the head office of Richards Packaging Inc. for personal briefings by senior management on strategic plan, major risks and other key business matters.

## **Meetings**

The Board has at least four scheduled meetings a year. The Board is responsible for the agenda. Prior to each Board meeting, the CFO will discuss agenda items for the meeting with the Chair of the Board. Materials for each meeting will be distributed to the directors in advance.

At the conclusion of meetings, the independent directors shall meet with only independent directors present.

## **Committees**

The Board of Richards Packaging Holdings Inc has established the Compensation and Corporate Governance committee to assist the Board in discharging its responsibilities. Special committees are established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each permanent committee is reviewed annually by the Board.

## **Evaluation**

The Compensation and Corporate Governance Committee regularly performs an evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors.

## **Compensation**

The Compensation and Corporate Governance Committee recommends to the Board the compensation and benefits for non-management directors. In reviewing the adequacy and form of compensation and benefits, the committee seeks to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a director.

## **Access to Independent Advisors**

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of Richards Packaging. Any director may, subject to the approval of the Chair of the Board, retain an outside advisor at the expense of the Richards Packaging.

## **Role of the Chair**

The Chair is appointed by the Board of Directors. The role of the Chair is as follow:

- Manage the business of the Board and ensure that the functions identified in the Terms of Reference of the Board are being effectively carried out by the Board and its committees;
- Ensure that all directors receive the information required for the proper performance of their duties;
- Ensure that the appropriate committee structure is in place and recommend appointments to such committees;
- Lead in the annual review of director and Board performance and make recommendations for changes when appropriate;
- Provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit;
- Fulfilling his or her Board leadership responsibilities in a manner that will ensure that the Board is able to function independently of management. This should include ensuring that the appropriate procedures are in place for the Board to meet regularly without management present.
- Work with the CEO and senior management to monitor progress on strategic planning, policy implementation and succession planning.

The Chair of the Board will be an independent director.