

**\$24,330** donated to charity



GOLF BALLS HIT AT TOURNAMENT

**4,410**

# FIGURES that build us.

REKO INTERNATIONAL GROUP INC. 2017 MANAGEMENT PROXY CIRCULAR



**420** steaks BBQ'd



APPRENTICES/CO-OP/OYAP STUDENTS

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# REKO INTERNATIONAL GROUP INC. Notice of 2017 Annual General Meeting

## MEETING INFORMATION:

Date: December 7, 2017  
Time: 3:00 p.m., (E.S.T.)  
Location: Torino Restaurant & Banquet Hall  
12049 Tecumseh Road  
Tecumseh, ON N8N 1M1

Fellow Shareholders:

You are invited to attend the Annual General Meeting of Shareholders (the “**Meeting**”) of Reko International Group Inc. (the “**Company**”), at which you will be asked to vote:

- (1) to elect the directors of the Company to hold office until their successors are elected or appointed at the next annual general meeting of the Company;
- (2) to re-appoint PricewaterhouseCoopers LLP as the independent auditors of the Company to hold office until the close of the next annual general meeting of the Company and to authorize the Directors to fix the remuneration of the auditors; and
- (3) to transact any other business that may properly be brought before the Meeting.

Following the conclusion of the formal business of the Meeting, management will present the Company’s 2017 financial results and strategic priorities for the upcoming fiscal year.

The Company’s board of directors has approved the contents of this Notice and Circular and its mailing to our shareholders.

Shareholders who are unable to attend the Meeting in person are requested to sign and date the form of proxy mailed to them and return it in the manner explained in the instructions on such form for use at the Meeting.

By Order of the Board of Directors,

*“Diane Reko”*

Diane Reko  
CHIEF EXECUTIVE OFFICER  
October 20, 2017



# REKO INTERNATIONAL GROUP INC. MANAGEMENT INFORMATION CIRCULAR

Dated as of October 20, 2017

## SOLICITATION OF PROXIES

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**THIS INFORMATION CIRCULAR (THIS “CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF REKO INTERNATIONAL GROUP INC. (THE “COMPANY” OR “REKO”) FOR USE AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD AT THE TORINO RESTAURANT & BANQUET HALL, 12049 TECUMSEH ROAD, TECUMSEH, ONTARIO N8N 1M1, ON THURSDAY, DECEMBER 7, 2017 AT 3:00 P.M. (E.S.T.) AND ANY ADJOURNMENT THEREOF (THE “MEETING”). THE SOLICITATION WILL BE VIA MAIL BY MANAGEMENT OF THE COMPANY AND ITS COST WILL BE BORNE BY THE COMPANY.**

The information contained herein is given as of October 20, 2017, unless otherwise noted.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting.



REKO  
INTERNATIONAL GROUP

170-2017

TECHNICAL DRAWING

8

## NOTICE AND ACCESS

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On November 29, 2012, Canadian Securities Administrators published notice that they were adopting amendments to National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* and to National Instrument 51-102 – *Continuous Disclosure Obligations*. These amendments, among other things, provide issuers with the option of using “Notice and Access” to deliver meeting materials, including this Circular, electronically by providing shareholders with a notice (the “**Notice**”) of their availability and access to such materials online. Together with the Notice, shareholders will receive a form of proxy (in the case of registered shareholders) or voting instruction form (in the case of non-registered shareholders), enabling them to vote at the Meeting (collectively, the “**Printed Materials**”).

The Company adopted Notice and Access because it allows for the reduction of printed paper materials, reduced costs associated with shareholder meetings and provides information to shareholders on a more timely basis. Instead of mailing meeting materials to shareholders, the Company posted this Circular on its website, [www.rekointl.com/disclosure](http://www.rekointl.com/disclosure), under the “Investors” tab, in addition to the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com). The Company sent the Notice and a form of proxy to all shareholders informing them that this Circular is available on-line and explaining how this Circular may be accessed. The Company set the Record Date (as hereinafter defined) at least 40 days before the Meeting and filed a form of notification of the Record Date and the Meeting date on SEDAR at least 25 days before the Record Date.

For the Meeting, the Company is using Notice and Access for both registered and non-registered shareholders. Neither registered nor non-registered shareholders will receive a paper copy of this Circular unless they contact the Company after it is posted, in which case the Company will mail this Circular within three business days of any request provided the request is made **PRIOR** to the Meeting. The Notice provides an explanation of how to obtain a paper copy of this Circular. The Company must receive your request prior to 5:00 pm (E.S.T.) on November 27, 2017 to ensure you will receive paper copies in advance of the deadline to submit your vote.

## APPOINTMENT AND REVOCATION OF PROXIES

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The persons named in the mailed form of proxy are directors and/or officers the Company.

**As a shareholder of the Company, you have the right to appoint a person or a company of your choice, who need not be a shareholder of the Company, to attend and act on your behalf at the Meeting. If you wish to appoint a person or company other than the persons whose names are printed in the mailed form of proxy, please insert the name and address of your chosen proxyholder in the blank space provided.**

You may indicate the manner in which your appointee is to vote or withhold from voting with respect to any specific item by checking the appropriate space on the mailed form of proxy. If you wish to confer discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The common shares in the capital of the Company (the “**Common Shares**”) represented by your proxy will be voted in accordance with your directions.

If you have given a proxy, you may later revoke it by: (a) signing a proxy bearing a later date and depositing it as provided under “Deposit of Proxy”, below; (b) signing and dating a written notice of revocation (in the same manner as the mailed form of proxy is required to be executed, as set out under “Validity of Proxy”, below) and faxing it to the office of AST Trust Company (Canada), Attn: Proxy Department, at 416-368-2502, or toll free in Canada and United States to 1-866-781-3111, or scan and e-mail to proxyvote@astfinancial.com; or delivering it in person, or by mail, to the registered office of the Company, Attn: Corporate Secretary, 469 Silver Creek Industrial Drive, Lakeshore, Ontario, N8N 4W2, or via fax to the registered office of the Company, Attn: Corporate Secretary, at (519) 727-6681, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or to the Chair of the Meeting on the day of the Meeting; or (c) in any other manner provided by law. Such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by the proxy.



# PROXY INSTRUCTIONS

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## REGISTERED SHAREHOLDERS

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If you are a registered shareholder, you can vote your Common Shares at the Meeting in person or by proxy. If you wish to vote in person at the Meeting and are certain that you will be able to attend the Meeting, do not complete or return the form of proxy mailed to you with the Printed Materials. Your vote can be cast by you in person and counted at the Meeting. If you do not wish to attend the Meeting or do not wish to vote in person, or you are not certain that you will be able to attend the Meeting, complete and deliver the form of proxy in accordance with the instructions given below.

**A proxy in the form of the mailed proxy will confer discretionary authority upon a proxy holder named therein with respect to the matter identified in the mailed Notice, and with respect to amendments and variations thereto and any other matters that may properly be brought before the Meeting, or any adjournment thereof.**

Your shares represented by proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for. If you have specified with certainty a choice with respect to any matter to be acted upon, your shares will be voted accordingly.

## VALIDITY OF PROXY

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Your proxy will not be valid unless it is dated and signed by you or by your attorney duly authorized in writing. In the case of a shareholder who is a company, a proxy will not be valid unless it is executed under its seal or by a duly authorized officer or agent of, or attorney for, such corporate shareholder. If an attorney or agent for an individual shareholder or joint shareholders executes a proxy by an officer, attorney, or other authority for a corporate shareholder, the instrument empowering the attorney, officer or agent, as the case may be, or a notarial copy thereof, should accompany the proxy.

## DEPOSIT OF PROXY

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In order to be valid and effective, proxies must be delivered by mail to AST Trust Company (Canada), Attn: Proxy Dept., P.O. Box 721, Agincourt, Ontario M1S 0A1. Alternatively, proxies may be faxed to 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111; or scanned and emailed to proxyvote@astfinancial.com, no later than 3:00 p.m. (E.S.T.) on December 5, 2017, or delivered to the Chair of the Meeting prior to the commencement of the Meeting.

All non-registered shareholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with the instructions provided by such broker or other intermediary.

## NON- REGISTERED OR BENEFICIAL SHAREHOLDERS

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Your Common Shares may not be registered in your name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or stock broker, or trustee or administrator of self-administered registered savings plans, registered retirement savings funds, registered education savings plans and similar plans, or a clearing agency in which an intermediary participates) or in the name of a nominee. If your Common Shares are listed in an account statement provided to you by a broker, then it is

likely that those Common Shares will not be registered in your name but under the broker's name or under the name of an agent of the broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited which acts as the nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. (the registration name for The Depository Trust Company, which acts as depository for many United States brokerage firms and custodian banks).

If your Common Shares are registered in the name of an intermediary or a nominee, you are a non-registered or beneficial shareholder (a "**beneficial shareholder**"). Beneficial shareholders should be aware that only shareholders whose names appear on the share register of the Company, or the persons they appoint as their proxies, are entitled to vote at the Meeting. The purpose of the procedures described below is to permit non-registered shareholders to direct the voting of the Shares they beneficially own. There are two (2) categories of beneficial shareholders. Beneficial shareholders who have provided instructions to an intermediary that they do not object to the intermediary disclosing ownership information about them are considered to be Non-Objecting Beneficial Owners ("**NOBOs**"). Beneficial shareholders who have objected to an intermediary providing ownership information or have not advised that they do not so object are Objecting Beneficial Owners ("**OBOs**").

The Printed Materials are being sent to both registered and beneficial shareholders of the Company. If you are a beneficial shareholder and if the Company or its transfer agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Common Shares on your behalf. Unless you have waived your rights to receive the Meeting Materials, the Company is required to deliver them to you as a beneficial shareholder of the Company and to seek your instructions as to how to vote your Common Shares.

The Company will distribute the Printed Materials either directly to registered shareholders and to the NOBOs or to intermediaries for distribution to NOBOs. The Company will not arrange for distribution of copies of the Printed Materials to OBOs and will pay for the mailing of the Printed Materials to OBOs unless they have waived their right to receive the Meeting Materials.

## ***VOTING INSTRUCTION FORMS FOR BENEFICIAL SHAREHOLDERS***

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Brokers or agents can only vote the Common Shares if instructed to do so by the beneficial shareholder.

Every broker or agent has its own mailing procedure and provides its own instructions. Typically, a beneficial shareholder will be given a voting instruction form, which must be completed and signed by the beneficial shareholder in accordance with the instructions provided by the intermediary. The purpose of this form is to seek instructions from the beneficial shareholder on how to vote on behalf of or otherwise represent the beneficial shareholder. A beneficial shareholder cannot use this form to vote or otherwise represent Common Shares in person at the Meeting. If you are a beneficial shareholder, you must follow the instructions provided by the intermediary in order to ensure that your Shares are voted or otherwise represented at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the United States. Broadridge mails a voting instruction form in lieu of a proxy provided by the Company. The voting instruction form will name the same persons as the Company's form of proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a beneficial shareholder of the Company) other than the persons designated in the voting instruction form to represent you at the Meeting. To exercise this right, you should insert the name of

your desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or otherwise, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting.

Occasionally, a beneficial shareholder may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Common Shares owned by the beneficial shareholder but is otherwise not completed. This form of proxy does not need to be signed by you. In this case, you can complete and deliver the form of proxy as described above under the heading "Registered Shareholders".

If the Company or transfer agent has sent the Printed Materials directly to you, as a beneficial shareholder, the Company (and not the intermediary holding Shares on your behalf) has assumed responsibility for (i) delivering these materials to the beneficial shareholder; and (ii) executing the beneficial shareholder's proper voting instructions.

If you are a beneficial shareholder who has received the Printed Materials directly from the Company or its transfer agent, please return your voting instructions as specified in the request for voting instructions.

**Beneficial shareholders should carefully follow the instructions of their intermediary on the forms they receive, including those regarding when and where the form of proxy or voting instruction form is to be delivered, and contact their intermediaries promptly if they need assistance.**

i. Objecting Beneficial Owners – OBOs

If you are an OBO, you cannot use the mechanisms described above for registered shareholders and must follow the instructions provided by the intermediary in order to ensure that your Common Shares are voted or otherwise represented at the Meeting. Please refer to the narrative above for non-registered or beneficial owners.

ii. Non-Objecting Beneficial Owners – NOBOs

If you, as a NOBO, receive the Company's form of proxy signed by the registered holder, you may complete and deliver the form of proxy as described above under the heading "Registered Shareholders". If you, as a NOBO, receive the intermediary's voting instruction form, follow the instructions provided by the intermediary with respect to completing the form in order to ensure that your Common Shares are voted or otherwise represented at the Meeting.

iii. Beneficial Shareholders – Attendance at Meeting

Although as a beneficial shareholder you may not be recognized directly at the Meeting for the purposes of voting the Common Shares registered in the name of your broker or other intermediary, you may attend the Meeting as proxyholder for your broker or other intermediary and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker or other intermediary, you should enter your own name in the blank space on the voting instruction form provided to you and return the same to your broker or other intermediary in accordance with the instructions provided by your broker or intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker or other intermediary send you a legal proxy which would enable you, or a person designated by you, to attend the Meeting and vote your Common Shares.

## ***VOTING OF COMMON SHARES BY PROXYHOLDERS***

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The proxyholders named in the form of proxy shall and will vote the Common Shares represented thereby on any ballot in accordance with the shareholder's direction set forth in the form of proxy. **In the absence of such direction, the Common Shares represented by the proxy will be voted by management: FOR the election of the directors referred to in this Circular; and, FOR the re-appointment of PricewaterhouseCoopers LLP as the independent auditors of the Company to hold office until the close of the next annual general meeting of the Company and to authorize the Directors to fix the remuneration of the auditors.**

An intermediary may not vote, or give a proxy authorizing another person to vote, except in accordance with voting instructions received from the non-registered shareholder who beneficially owns the Common Shares.

## ***EXERCISE OF DISCRETION BY PROXYHOLDERS***

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As of the date of this Circular, the management of the Company is not aware of any amendments to, or variations of, any of the matters identified in the mailed Notice of Meeting or of any other matters that may be brought before the Meeting. However, the enclosed form of proxy also confers discretionary authority upon the proxyholder named therein to vote on any amendments to, or variations of, any of the matters identified in the mailed Notice of Meeting, in addition to any other matters which may properly be brought before the Meeting, or any adjournment thereof. In any such event, the management designees intend to vote in accordance with their judgement on such matters.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AND MATERIAL TRANSACTIONS

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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 or affiliate of any such director, executive 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 Circular.

No informed person (as such term is defined under applicable securities laws) of the Company, proposed nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director 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.

## VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

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The Company is authorized to issue an unlimited number of Common Shares of which there are 6,434,920 issued and outstanding. Holders of Common Shares are entitled to one vote for each Common Share held. Holders of Common Shares of record at the close of business on October 20, 2017 (the "**Record Date**") are entitled to receive notice of and to vote at the Meeting.

The Reko Family Corporation, which is owned or controlled by Shirley Reko and/or her children (one of whom is Diane Reko, the Chief Executive Officer and Board Chair of Reko), beneficially owns 3,032,123 Common Shares. Shirley Reko also beneficially owns an additional 296,007 Common Shares and her children collectively own 691,600 common shares, which together with the Common Shares referred to in the immediately preceding sentence represent approximately 62.47% of the issued and outstanding Common Shares. To the knowledge of the directors and officers of the Company, no other person beneficially owns, or exercises control or direction over, 10% or more of the outstanding Common Shares.

### **Share ownership by Directors, Officers and The Reko Family Corporation**

All of Reko's proposed directors, officers and, direct and indirect shareholders of The Reko Family Corporation own beneficially or exercise control or direction over 4,070,690 Common Shares or approximately 63.26% of the Common Shares.

## MATTERS TO BE ACTED UPON AT THE MEETING

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### 1. FINANCIAL STATEMENTS

The audited consolidated financial statements of Reko for the fiscal year ended July 31, 2017, and the Independent Auditor's report thereon, are provided in the Company's 2017 Annual Report, which was delivered either by mail or electronically to all registered shareholders and to non-registered shareholders who requested such documents. These financial statements will be presented to the shareholders at the Meeting and no vote is required with respect to this matter. The Directors have approved these financial statements at their meeting of October 4, 2017. A copy of the audited consolidated financial statements can also be accessed electronically on the Company's profile at [www.sedar.com](http://www.sedar.com) and on Reko's website at [www.rekointl.com](http://www.rekointl.com).

### 2. ELECTION OF DIRECTORS

The Company's articles of incorporation currently provide that the board of directors of the Company (the "Board") will consist of a minimum of three (3) and a maximum of ten (10) directors. While shareholder approval is required to fix the number of directors outside this range, the Board is authorized to fix the number of directors within this range. In the current year, the Board is recommending four (4) directors for election at the Meeting, consistent with the prior year. All three independent directors serve as both Audit Committee and Compensation Committee members. For the purposes of this Circular, a director is independent if he or she would be independent within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* ("NI 52-110") (hereinafter, "Independent"). The directors of the Company are elected each year at the annual general meeting of the Company and hold office until their successors are elected or appointed. **The management of the Company and the persons named in the mailed form of proxy intend to vote FOR the election of the nominees set out below.** Each director elected will hold office until the next annual general meeting of the Company unless he or she sooner ceases to hold office. Should such a vacancy occur between annual general meetings, the vacancy may be filled by the Board appointing a director to serve until the next annual general meeting.

#### *Selection of Candidates in the event of a Board Vacancy*

Reko believes in having a diverse group of directors with a broad range of skills and experience in order to provide superior leadership to the Company and enhance shareholder value.

Candidates for any Board openings are selected after soliciting applications from various directors' organizations and appropriate contacts. Individuals are interviewed and evaluated for the Board vacancy - with each being scored on a grid with weighting assigned to relevant skills and experience.

The Chair of the Board presents the candidates for the position to the full Board and all directors are involved in making the final selection of the individual most qualified to fill the vacancy.

#### *Independence*

The four (4) nominees standing for election as directors of the Company at the Meeting are set forth below. Three (3) of the director nominees (75%) are Independent, while the remaining director nominee is a member of management (25%).

## Proposed nominees

The following table sets forth information with respect to each of the nominees for director, including a brief biography, date first elected or appointed as a director of the Company, Board and committee attendance, Board compensation in the last year, the number of Reko securities beneficially owned, controlled or directed, directly or indirectly by each nominee and the total value of the securities as at the Record Date, as well as other public company boards on which the nominee currently serves or has recently served. None of these nominees serve together on the boards of other public companies.

**Unless a shareholder instructs otherwise, the person named in the form of proxy intends to vote the Common Shares represented thereby FOR the election of the nominees listed below as directors of the Company. If for any reason a nominee becomes unable to stand for election as a director of Reko or if management proposes any additional nominees for election as directors, the person named in the form of proxy intends to vote FOR any substitute or additional nominee proposed by management.**

<p><b>Diane Reko,</b> Lakeshore, Ontario, Canada</p> <p><b>Director since:</b> 1984</p> <p><b>Independent director:</b> No</p>	<p>Ms. Reko is the Chair of the Board, Chief Executive Officer and Secretary/Treasurer. She was appointed Chair and Chief Executive Officer on December 23, 2007. Ms. Reko was appointed Secretary/Treasurer on November 21, 1984. Ms. Reko's areas of expertise include the automotive industry, financial accounting and management.</p>																																													
	<table border="0"> <thead> <tr> <th style="text-align: left;">Board &amp; Committees</th> <th style="text-align: left;">Attendance</th> <th style="text-align: left;">Securities Beneficially Owned, Controlled or Directed</th> </tr> </thead> <tbody> <tr> <td>Board<sup>(1)</sup></td> <td>10 of 10</td> <td>100%</td> </tr> <tr> <td>Strategic Planning</td> <td>1 of 1</td> <td>100%</td> </tr> <tr> <td>Annual General</td> <td>1 of 1</td> <td>100%</td> </tr> <tr> <td colspan="2"></td> <td><b>Common shares (177,035 shares)<sup>(2)</sup></b></td> </tr> <tr> <td colspan="2"></td> <td><b>Stock options (115,000 options)</b></td> </tr> <tr> <td colspan="2"></td> <td><b>Total value of securities</b></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;"><b>\$ 1,100,972</b></td> </tr> <tr> <td colspan="3"><b>Board Compensation<sup>(3)</sup></b></td> </tr> <tr> <td colspan="2"></td> <td>Annual fee</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td colspan="2"></td> <td>Meeting fee</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;">-</td> </tr> <tr> <td colspan="2"></td> <td><b>Total board compensation</b></td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right;"><b>\$ -</b></td> </tr> </tbody> </table>	Board & Committees	Attendance	Securities Beneficially Owned, Controlled or Directed	Board <sup>(1)</sup>	10 of 10	100%	Strategic Planning	1 of 1	100%	Annual General	1 of 1	100%			<b>Common shares (177,035 shares)<sup>(2)</sup></b>			<b>Stock options (115,000 options)</b>			<b>Total value of securities</b>			<b>\$ 1,100,972</b>	<b>Board Compensation<sup>(3)</sup></b>					Annual fee			\$ -			Meeting fee			-			<b>Total board compensation</b>			<b>\$ -</b>
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<p>(2) - Does not include 3,032,123 common shares held by Reko Family Corporation, of which Ms. Reko is a director and officer, and a daughter of the controlling shareholder.</p> <p>(3) - Effective 2012, Ms. Reko is no longer paid meeting fees due to her role as an officer of the Company.</p>																																														

**Dr. Andrew J. Szonyi,**

Toronto,  
Ontario,  
Canada

**Director  
since:**  
1996

**Independent  
director:**  
Yes

Dr. Szonyi is President of Andrew J. Szonyi & Associates Inc. He is a Licensed Professional Engineer and earned a PhD in engineering, an MBA and GPLLM, all from the University of Toronto. Dr. Szonyi's areas of expertise include the automotive industry, finance and business management, and he has served on the Boards of several public and private corporations in Canada and overseas.

<b>Board &amp; Committees</b>			<b>Attendance</b>	<b>Securities Beneficially Owned, Controlled or Directed</b>	
Board <sup>(1)</sup>	10 of 10		100%	Common shares (18,860 shares)	\$ 71,102
Audit <sup>(2)</sup>	4 of 4		100%	Stock options (25,000 options)	94,250
Compensation <sup>(2)</sup>	1 of 1		100%	<b>Total value of securities</b>	<b>\$ 165,352</b>
Strategic Planning	1 of 1		100%	<b>Board Compensation</b>	
Annual General	1 of 1		100%	Annual fee	\$ 18,000
(1) - Lead Director				Meeting fee	11,800
(2) - Chair				<b>Total board compensation</b>	<b>\$ 29,800</b>

**Other Public Company Boards/Committees**

Clearford Water Systems Inc. (TSX Venture)  
Audit Committee Chair and Governance and Compensation Committee Chair

**John Sartz,**

Ajax,  
Ontario,  
Canada

**Director  
since:**  
1996

**Independent  
director:**  
Yes

Mr. Sartz is the President of Viking Capital Corp. Mr. Sartz's areas of expertise include financial accounting, finance and corporate finance.

<b>Board &amp; Committees</b>			<b>Attendance</b>	<b>Securities Beneficially Owned, Controlled or Directed</b>	
Board	9 of 10		90%	Common shares (31,100 shares)	\$ 117,247
Audit	3 of 4		75%	Stock options (20,000 options)	75,400
Compensation	1 of 1		100%	<b>Total value of securities</b>	<b>\$ 192,647</b>
Strategic Planning	1 of 1		100%	<b>Board Compensation</b>	
Annual General	0 of 1		0%	Annual fee	\$ 12,000
<b>Other Public Company Boards/Committees</b>				Meeting fee	8,600
				<b>Total board compensation</b>	<b>\$ 20,600</b>



**Maria Ann Thompson,**

Michigan,  
U.S.A.

**Director  
since:**  
2016

**Independent  
director:**  
Yes

Ms. Thompson is the Entrepreneur In Residence for Arsenal Venture Partners. She is the former President and CEO of T/J Technologies, Inc. Ms. Thompson's areas of expertise include automotive, technology and innovation and business management.

<b>Board &amp; Committees</b>			<b>Attendance</b>	<b>Securities Beneficially Owned, Controlled or Directed</b>	
Board	8 of 8		100%	Common shares (0 shares)	\$ -
Audit	3 of 3		100%	Stock options (10,000 options)	37,700
Strategic Planning	1 of 1		100%	<b>Total value of securities</b>	<b>\$ 37,700</b>
Annual General	1 of 1		100%		
<b>Other Public Company Boards/Committees</b>				<b>Board Compensation</b>	
				Annual fee	\$ 9,000
				Meeting fee	\$ 10,800
				<b>Total board compensation</b>	<b>\$ 19,800</b>

**NOTE:**

1. In calculating the total value of securities, we have used the closing price of Reko common shares on the TSX Venture Exchange ("TSXV") on the Record Date (\$3.77). In valuing stock options for purposes of calculating the total value of securities, we have included only the in-the-money amount calculated based on the closing price of Reko common shares on the Record Date.

***Corporate Cease Trade Orders, Bankruptcies and Insolvencies***

To the knowledge of the Company, none of the nominee directors of the Company:

- a. is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, 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 a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, 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 a cease trade order or similar order or an order denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days 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
  - iii. 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

- b. nor any personal holding company of any such nominee, has, within 10 years before this 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.
- c. nor any personal holding company of any such nominee, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director, nor has any nominee for director entered into a settlement agreement with a securities regulatory authority.

Information that is not within the knowledge of the Company, related to cease trade orders, bankruptcies, Common Shares and stock options beneficially owned by the nominee directors or over which they exercise control or direction, has been furnished by the nominee directors.

### **3. APPOINTMENT OF INDEPENDENT AUDITORS**

Shareholders will be requested to approve the re-appointment of PricewaterhouseCoopers LLP as Reko's Independent Auditors and to authorize the Board to fix the Independent Auditors' remuneration. PricewaterhouseCoopers LLP have been Reko's Independent Auditors since 2010.

Representatives of PricewaterhouseCoopers LLP are expected to attend the Meeting; will have the opportunity to make a statement, if they so desire; and are expected to be available to respond to appropriate questions. Refer to "*Audit Committee Report*" on page 18 for a summary of fees paid to PricewaterhouseCoopers LLP in respect of 2017 and 2016.

To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. **Proxies received in favour of management will be voted FOR the re-appointment of PricewaterhouseCoopers LLP as auditors of the Corporation to hold office until the next annual general meeting of shareholders and the authorization of the directors to fix the auditors' terms of engagement and remuneration, unless the shareholder has specified in a proxy that his, her or its shares are to be withheld from voting in respect thereof.**

## CORPORATE GOVERNANCE AND OTHER MATTERS

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### **CORPORATE GOVERNANCE**

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National Instrument 58-101 - *Disclosure of Corporate Governance Practices* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance guidelines which comply with all applicable requirements. Please see the attached Schedule “A” for information on the Company’s Corporate Governance practices (Form 58-101F2).

### **SHAREHOLDER FEEDBACK AND COMMUNICATION**

The Company views its shareholders and investors as owners and partners. Accordingly, the senior executives, including the Chief Executive Officer and the Chief Financial Officer are committed to being accessible. They comprise the Company’s management Disclosure Committee, and monitor all communications (written and verbal) consistently and coherently. When considered necessary, input is solicited from the Board of Directors and/or external counsel as appropriate. 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 financial reports, is also available on the Company’s website at [www.rekointl.com](http://www.rekointl.com) and at [www.sedar.com](http://www.sedar.com). In addition, the Company provides the opportunity for investors to pose questions of senior executives, including the Chief Executive Officer and the Chief Financial Officer, through email to the Company’s website at [investors@rekointl.com](mailto:investors@rekointl.com).

### **BOARD OF DIRECTORS’ EXPECTATIONS OF MANAGEMENT**

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 is critical. Management is expected to report regularly to the Board in a comprehensive, accurate and timely fashion on the business and affairs of the Company. The Board 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 Chair of the Board oversees 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, and it does not do so.

## **AUDIT COMMITTEE**

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The Audit Committee is composed of directors that are Independent. 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. The text of the Audit Committee's charter herein is attached as Schedule "B".

In reviewing the audited financial statements of the Company, the Audit Committee discusses the quality, not just 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 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.

## **AUDIT COMMITTEE REPORT**

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Pursuant to Reko's by-laws and the Audit Committee's written charter, the Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities to Reko's shareholders with respect to the integrity of Reko's financial statements and reports and financial reporting process.

The Audit Committee also annually reviews and reassesses the adequacy of its written charter. No material revisions were made to the Audit Committee's charter in the 2017 fiscal year.

The Committee met four times during the fiscal year ended July 31, 2017 and representatives of the Company's Independent Auditors were at all four meetings.

## **COMPOSITION OF THE FISCAL 2017 AUDIT COMMITTEE**

The Audit Committee is currently composed of the following three (3) independent members as defined in NI 52-110:

Andrew Szonyi, Chair	Independent	Financially Literate
John Sartz	Independent	Financially Literate
Maria Thompson	Independent	Financially Literate

## **FINANCIAL LITERACY**

NI 52-110 provides that an individual is “financially literate” if he or she 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 issuer’s financial statements.

All of the members of the Audit Committee are financially literate.

## **RELEVANT EDUCATION AND EXPERIENCE**

Each Audit Committee member possesses certain education and experience which is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, education or experience which provides the member with one or more of the following: an understanding of the accounting principles used by the Company to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

### ***Andrew Szonyi, Chair - Director***

Dr. Szonyi has been a director of the Company since 1996. Dr. Szonyi is the President of Andrew J. Szonyi & Associates Inc. He is a licensed professional engineer and earned a PhD in engineering, an MBA and GPLLM, all from the University of Toronto. Dr. Szonyi’s areas of expertise include the automotive industry, finance and business management, and he has served on the boards of several public and private corporations in Canada and overseas. Dr. Szonyi is also the chair of the Compensation Committee of the Company.

### ***John Sartz - Director***

Mr. Sartz has been a director of the Company since 1996. Mr. Sartz is the President of Viking Capital Corp. Mr. Sartz’s areas of expertise include financial accounting, finance and corporate finance. He is also a member of the Compensation Committee of the Company.

### ***Maria Thompson – Director***

Ms. Thompson has been a director of the Company since 2016. Ms. Thompson is the entrepreneur in residence for Arsenal Venture Partners. She is the former President and Chief Executive Officer of T/J Technologies, Inc. Ms. Thompson’s areas of expertise include automotive, technology and innovation and business management.

## **AUDITOR INDEPENDENCE AND AUDIT FEES**

The Audit Committee has discussed with the Independent Auditors the firm's independence from management and Reko, and has considered whether the provision of non-audit services is compatible with maintaining such independence. In order to ensure that such independence is not compromised by engaging PricewaterhouseCoopers LLP for other services, the Audit Committee has established and maintains a process for the review and pre-approval of all services and related fees paid to the Independent Auditors. Pursuant to this pre-approval process, the Audit Committee approved and Reko paid the following fees to the Independent Auditors for services provided in respect of fiscal 2017 and fiscal 2016:

<b>Audit Fees</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>
Audit Fees:		
Audit Fees	\$ 110,000	\$ 105,000
Audit Related Fees:		
Quarterly Reviews	--	--
CPAB fees	2,000	2,000
Internal Controls evaluation	--	5,000
Accounting Matters	--	--
Tax Fees:		
Compliance	--	--
Consulting	--	--
All Other Fees:		
Advisory Services	--	--
Research and Development Compliance Fees	--	--
	\$ 112,000	\$ 112,000

In order to further ensure the independence of the Independent Auditors, the Audit Committee reviews and approves the Company's hiring of partners, employees and former partners and employees of the Independent Auditors who were engaged on the Company's account within the three prior years.

## **OTHER REPORTABLE MATTERS**

In connection with Reko's Consolidated Financial Statements and Management's Discussion and Analysis of Results of Operations and Financial Position ("MD&A") for the fiscal year ended July 31, 2017, the Audit Committee has:

- Reviewed and discussed with senior management and the Independent Auditors the audited Consolidated Financial Statements and MD&A, in respect of 2017 and other forms and reports required to be filed with the Ontario Securities Commission in respect of the fiscal year ended July 31, 2017;

- Discussed with the Independent Auditors the matters required to be discussed by the Canadian Institute of Chartered Accountants Standard 5751 (Communications with Those Having Responsibility for the Financial Reporting Process) (“CICA Standard 5751”);
- Received and reviewed with the Independent Auditors the written disclosures and related letter from the Independent Auditors required by CICA Standard 5751 and discussed with the Independent Auditors the independence of the Independent Auditors as Reko’s auditor; and,
- Reviewed with the Independent Auditors their audit report on the Consolidated Financial Statements.

Management is responsible for the preparation and presentation of Reko’s financial statements, the financial reporting process and the development and maintenance of its systems of internal accounting and administrative cost controls. PricewaterhouseCoopers, LLP is responsible for performing an independent audit on and issuing its reports in respect of Reko’s consolidated financial statements in accordance with Canadian generally accepted auditing standards. The Audit Committee’s responsibility is to monitor and oversee these processes in accordance with its Charter and applicable law.

Based on these reviews and discussions, including the review of the Independent Auditors’ audit report, the Audit Committee has recommended to the Board and the Board has approved, the inclusion of the audited Consolidated Financial Statements in Reko’s Annual Report, the MD&A and the other forms and reports required to be filed with the Ontario Securities Commission in respect of the fiscal year-ended July 31, 2017.

## STATEMENT OF EXECUTIVE COMPENSATION

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This section of the Circular explains, among other things, the material elements of the Company’s compensation arrangements for its “Named Executive Officers” (as defined below) and directors. The NEO and director compensation tables and related tables and narrative disclosures provide insight into executive compensation as a key aspect of the overall stewardship and governance of a corporation and help investors understand how decisions about executive compensation are made. In this respect, reference is made to the section entitled “*Oversight and Description of Director and Name Executive Officer Compensation*”.

### **NAMED EXECUTIVE OFFICERS**

In accordance with the provisions of applicable securities legislation, the Corporation had three “Named Executive Officers” (each an “NEO”) during the year ended July 31, 2017: namely Diane Reko, Chief Executive Officer, Marilyn Crowley, Chief Financial Officer and Peter Gobel, General Manager.

### **DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation or any subsidiary thereof to each NEO and each director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Corporation or any subsidiary thereof.

Table of compensation excluding compensation securities

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$) <sup>(1)</sup>	Committee or meeting fees (\$)	Value of perquisites (\$) <sup>(2)</sup>	Value of all other compensation (\$) <sup>(3)</sup>	Total compensation (\$)
Diane Reko, Chief Executive Officer & Director	2017	<sup>(4)(10)</sup> 225,000	<sup>(7)</sup> 200	<sup>(10)</sup> Nil	Nil	1,500	226,700
	2016	<sup>(10)</sup> 225,000	<sup>(7)</sup> 56,450	<sup>(10)</sup> Nil	Nil	1,500	281,450
Marilyn Crowley, Chief Financial Officer	2017	<sup>(5)</sup> 197,308	<sup>(8)</sup> 5,200	Nil	Nil	3,000	205,308
	2016	133,398	<sup>(8)</sup> 47,700	Nil	Nil	0	181,089
Peter Gobel, General Manager	2017	<sup>(6)</sup> 143,000	<sup>(9)</sup> 5,200	Nil	Nil	1,500	149,700
	2016	<sup>(6)</sup> 143,000	<sup>(9)</sup> 33,090	Nil	Nil	1,300	177,390
Andrew Szonyi, Director	2017	18,000	Nil	11,800	Nil	Nil	29,800
	2016	18,000	Nil	9,800	Nil	Nil	27,800
John Sartz, Director	2017	9,000	Nil	8,600	Nil	Nil	17,600
	2016	12,000	Nil	12,000	Nil	Nil	24,000
Maria Thompson, Director	2017	12,000	Nil	10,800	Nil	Nil	22,800
	2016	N/A	N/A	N/A	N/A	N/A	N/A

**NOTES:**

- (1) Amounts disclosed under the "Bonus" column represent cash bonuses, some of which are mandated by written employment contracts or agreements. Bonus amounts for the fiscal year ended July 31, 2017 will be paid in the fiscal year ended July 31, 2018 and bonus amounts for fiscal year ended July 31, 2016 were paid in the fiscal year ended July 31, 2017.
- (2) Perquisites and other personal benefits do not exceed: (i) \$15,000 for NEOs or directors with a total annual salary of \$150,000 or less; and (ii) 10% of total annual salary for each of the NEOs with a total annual salary of more than \$150,000.
- (3) Amount includes payments made on behalf of NEOs for Group RRSPs.
- (4) At July 31, 2017, Ms. Reko's base salary as Chief Executive Officer was \$225,000.
- (5) At July 31, 2017, Ms. Crowley's base salary as Chief Financial Officer was \$200,000.
- (6) At July 31, 2017, Mr. Gobel's base salary as General Manager was \$143,000.
- (7) Ms. Reko's 2017 bonus includes an annual Christmas bonus paid to all employees (\$200). No contractual amount based on corporate financial results was paid in relation to fiscal 2017 due to operating results and other metrics not meeting prescribed targets. Ms. Reko's 2016 bonus includes a portion related to a contractual amount based on corporate profitability (\$56,250) and an annual Christmas bonus paid to all employees (\$200).
- (8) Ms. Crowley's 2017 bonus includes an annual Christmas bonus paid to all employees (\$200) and a discretionary amount set by the Compensation Committee of the Board of \$5,000. No contractual amount based on corporate financial results was paid in relation to fiscal 2017 due to operating results and other metrics not meeting prescribed targets. Ms. Crowley's 2016 bonus includes a portion related to a contractual amount based on corporate profitability (\$47,500) and an annual Christmas bonus paid to all employees (\$200).
- (9) Mr. Gobel's 2017 bonus is an annual Christmas bonus paid to all employees (\$200) and a discretionary amount set by the Compensation Committee of the Board of \$5,000. Mr. Gobel's 2016 bonus is based on the profitability of the product line Mr. Gobel manages (\$32,890) plus the annual Christmas bonus of \$200.
- (10) Ms. Reko was not paid any committee or meeting fees in her position as director of the Company.



## STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or any subsidiary thereof in the year ended July 31, 2017 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Table of compensation securities held at July 31, 2017

Name and position	Type of compensation security	Number of compensation securities and number of underlying securities	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year-end (\$)	Expiry date
Diane Reko, Chief Executive Officer & Director	Stock option	5,000	October 3, 2013	1.15	1.15	Vested and exercisable	October 3, 2018
	Stock option	<sup>(1)</sup> 100,000	<sup>(7)</sup> November 4, 2014	2.00	2.00	<sup>(7)</sup> Vested, but non-exercisable	November 4, 2019
	Stock option	<sup>(1)</sup> 10,000	July 19, 2017	3.90	3.90	Not vested or exercisable	July 19, 2022
Marilyn Crowley, Chief Financial Officer	Stock option	<sup>(2)</sup> 10,000	July 19, 2017	3.90	3.90	Not vested or exercisable	July 19, 2022
Peter Gobel, General Manager	Stock option	5,000	October 3, 2013	1.15	1.15	Vested and exercisable	October 3, 2018
	Stock option	<sup>(3)</sup> 30,000	<sup>(7)</sup> November 4, 2014	2.00	2.00	<sup>(7)</sup> Vested, but non-exercisable	November 4, 2019
	Stock option	<sup>(3)</sup> 10,000	July 19, 2017	3.90	3.90	Not vested or exercisable	July 19, 2022
Andrew Szonyi, Director	Stock option	5,000	October 3, 2013	1.15	1.15	Vested and exercisable	October 3, 2018
	Stock option	<sup>(4)</sup> 10,000	<sup>(7)</sup> November 4, 2014	2.00	2.00	<sup>(7)</sup> Vested, but non-exercisable	November 4, 2019
	Stock option	<sup>(4)</sup> 10,000	July 19, 2017	3.90	3.90	Vested and exercisable	July 19, 2022
John Sartz, Director	Stock option	<sup>(5)</sup> 10,000	<sup>(7)</sup> November 4, 2014	2.00	2.00	<sup>(7)</sup> Vested, but non-exercisable	November 4, 2019
	Stock option	<sup>(5)</sup> 10,000	July 19, 2017	3.90	3.90	Vested and exercisable	July 19, 2022
Maria Thompson, Director	Stock option	<sup>(6)</sup> 10,000	July 19, 2017	3.90	3.90	Vested and exercisable	July 19, 2022

### NOTES:

- (1) At July 31, 2017, Ms. Reko holds a total of 115,000 unexercised stock options for an aggregate of 115,000 Common Shares.
- (2) At July 31, 2017, Ms. Crowley holds a total of 10,000 unexercised stock options for an aggregate of 10,000 Common Shares.
- (3) At July 31, 2017, Mr. Gobel holds a total of 45,000 unexercised stock options for an aggregate of 45,000 Common Shares.
- (4) At July 31, 2017, Mr. Szonyi holds a total of 25,000 unexercised stock options for an aggregate of 25,000 Common Shares.
- (5) At July 31, 2017, Mr. Sartz holds a total of 20,000 unexercised stock options for an aggregate of 20,000 Common Shares.
- (6) At July 31, 2017, Ms. Thompson holds a total of 10,000 unexercised stock options for an aggregate of 10,000 Common Shares.
- (7) The stock options granted on November 4, 2014 vest entirely on the grant date, however, they are only exercisable upon the sale of assets of the Company to a third party through one or more transactions with an aggregate purchase price equal to or greater than 65% of the value of the net assets of the Company as at the grant date. The Company granted the remaining outstanding stock options (the "Existing Options") on October 3, 2013 and July 19, 2017 respectively. The Existing Options vested: (i) immediately for directors; and (ii) for employees, 30% on the first anniversary of the grant date, 30% on the second anniversary of the grant date and 40% on the third anniversary of the grant date. The Existing Options expire five years after the grant date.

The following table sets out all of the exercises by NEOs or directors of the Company of compensation securities during the year ended July 31, 2017:

#### Exercise of Compensation Securities by Directors and NEOs

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Diane Reko, <i>Chief Executive Officer &amp; Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Marilyn Crowley, <i>Chief Financial Officer</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter Gobel, <i>General Manager</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Szonyi, <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Sartz, <i>Director</i>	Common shares	5,000	1.15	December 6, 2016	4.79	3.64	5,750
Maria Thompson, <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

#### STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

##### Stock Option Plan

The Company has a stock option plan (the “**Stock Option Plan**”) as summarized below.

Amended and Restated Incentive Stock Option Plan, effective March 24, 1994, amended and revised December 2, 2010	Number of Securities to be issued upon exercise of outstanding options as at July 31, 2017	Weighted Average exercise price of outstanding options	Number of Securities remaining available for future issuance under equity compensation plans (excluding number currently outstanding)
	414,000	\$2.41	116,509

The Stock Option Plan has been approved by the security holders of the Company and there are no equity compensation plans unapproved by security holders.

Any option granted under the Stock Option Plan is granted for a maximum of five years, and is non-transferable. No person may be issued options, which in the aggregate represent five percent (5%) or more of the issued and outstanding Common Shares of the Company. The exercise price of an option granted under the Stock Option Plan may not be lower than the market price of the subject shares at the time of grant, and not more than 650,000 Common Shares may be issued pursuant to all such options unless shareholder approval is obtained to increase such number. The Board may impose other conditions respecting any option granted, as it might consider appropriate or necessary. In connection with the administration of the Stock Option Plan, the Board has determined that the Board may authorize the

Company to make a loan to an option holder to provide the funds necessary to exercise the option. Such a loan may be for a term not exceeding five years and may bear interest at such rate, if any, which the Board determines to be appropriate. Unless otherwise specified by the Board, vesting of options under the Stock Option Plan takes place immediately for directors that are not full-time employees of the Company and, in respect of employees, options vest at a rate of 30% in the first year, 30% in the second year, and 40% in the third year of their five-year term.

#### Employee Share Purchase Assistance Plan

The Employee Share Purchase Assistance Plan is designed to encourage and assist full-time employees of the Company to purchase Common Shares on a regular basis. Employees who have been continuously employed by the Company for at least one year are able to participate in the Employee Share Purchase Assistance Plan. On a quarterly basis, the Company may purchase Common Shares for employees wishing to participate at a price equal to the market value of the Common Shares.

In order to assist the employees to acquire shares under the Employee Share Purchase Assistance Plan, the Company provides interest-free loans, to be repaid through payroll deductions, amortized over 52 weeks. The aggregate amount of such share purchase loans outstanding at any such point in time cannot exceed \$25,000 for each employee.

During the year, the Company did not purchase any shares on the open market under the Employee Share Purchase Assistance Plan on behalf of employees.

### **EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS**

#### Material provisions

The Company has entered into a formal employment contract with one of its NEOs. Ms. Reko entered into an employment contract with the Company in 2012. Ms. Reko received an increase in her base salary from \$200,000 per annum to \$225,000 per annum in 2013 on the recommendation of the Compensation Committee. In 2016, the calculation of Ms. Reko's bonus was changed to one that was based on the achievement of targets for four financial metrics with the total amount owing capped at 25% of base salary.

The Company has entered into a written employment agreement with Ms. Crowley effective November 9, 2015. The amount of base salary in the agreement was originally set at \$180,000 but is currently \$200,000 per annum. The agreement also provides for the payment of a bonus based on the achievement of four financial measures with the total amount being paid by the Company capped at 25% of current salary.

These agreements set out the respective duties and responsibilities of, and provide that, each NEO is to receive a base salary, is entitled to receive an annual bonus in an amount equal to a percentage of base salary determined by the achievement of set targets for four financial metrics of the Company, and certain other benefits, including termination and medical, dental, life and disability insurance. These employment 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 employment for a specified period following termination of their employment, as well as confidentiality covenants.

### Termination provisions

The employment agreement with Ms. Reko contains a provision for a severance payment, in the event of termination, without cause, in the amount of 24 months wages, payable by the Company at the time of termination. The contract includes industry standard non-solicitation, non-compete, non-disparagement, and confidentiality clauses. It also contains provisions for no severance payment in the event of resignation, termination with cause or retirement. Ms. Crowley's agreement provides for the payment of one month's salary for each year of service in the event of termination without cause. Any such payment is capped at an amount equivalent to six months salary and is payable at the date of termination. The remaining NEO's employment arrangements does not include any provision for termination or change of control benefits.

The maximum total amount potentially payable by Reko pursuant to the employment contracts or arrangements of the NEOs is approximately \$0.50 million in the aggregate. No notice, retiring allowance or other severance payment is required where the Company terminates employment for just cause or upon voluntary resignation.

<b>Name</b>	<b>Termination benefit (\$)</b>	<b>Change of control benefit (\$)</b>	<b>Total (\$)</b>
Diane Reko	<sup>(1)</sup> 450,000	Nil	<sup>(1)</sup> 450,000
Marilyn Crowley	<sup>(1)</sup> 50,000	Nil	<sup>(1)</sup> 50,000
Peter Gobel	Nil	Nil	Nil

#### **NOTES:**

(1) – As of July 31, 2017, represents maximum amount potentially due at any point during fiscal 2018.

### ***OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NEO COMPENSATION***

#### Director Compensation

Director compensation is determined by the Board based on the recommendations of the Compensation Committee on an ad hoc basis. Director compensation was last reviewed in 2014.

The intended goals of the Company's director compensation strategy are to ensure strong corporate governance and to promote and support director independence, while regularly evaluating and implementing best practices.

In order to achieve a balance of interest alignment and independence, compensation of directors has been both a combination of annual retainers, meeting fees, travel expenses associated with attending meetings, and the grant of options.

The annual retainer amounts have been established to constitute a significant portion of the directors' total compensation from the Company in order to promote independence and objectivity. The factors which have influenced the level of these retainers are as follows: (i) the relatively small size of the Company; (ii) the experience and knowledge of the directors; and (iii) the fact that perquisites and special entitlements

have never been a part of the Company's director compensation plan. Acknowledging the additional time demands of the Chair of the Audit Committee and the Lead Director, the retainer for this position is at a higher level than that of the other Board members.

The meeting amounts have been revised to reflect the efficiency gained from a smaller board, and from the ability to hold committee meetings in continuity on the same day. These amounts are also intended to appropriately compensate experienced directors for the time that they spend at the Company.

Options granted to non-executive directors have a five-year term, but are exercisable immediately. Since the term of each director expires at each annual general meeting, the lack of vesting period on the options should reduce the risk of lost compensation, should a director or the Company determine that a director is no longer a good fit for the Board. The decision to grant options is currently based upon a desire to balance the independence of the Board with the desire to align their interests with those of shareholders. Option grants have generally been made in equal quantities to all directors and in conjunction with grants to management and employees. These grants to directors have intentionally not been based upon the operating performance of the Company as this could potentially impair objectivity and potentially compromise the goal setting process used for executive compensation.

The Board may award special remuneration to any director undertaking any special services on the Company's behalf other than services ordinarily required by a director. From time to time, options may be granted to directors as indicated under the Stock Option Plan. Directors are also reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings.

### NEO Compensation

NEO compensation is determined by the Board based on the recommendations of the Compensation Committee on an ad hoc basis, generally tied to changes in market conditions. The Compensation Committee considers the skill, ability and experience of each individual NEO and has relied in the past on third party research; analysis of compensation surveys; first-hand knowledge of compensation levels and practices in the automotive industry; and interviews with management. The Compensation Committee has concluded, after review of industry and Company related criteria that Reko's NEOs have performed acceptably with due consideration to the current economic environment.

The Company's compensation strategy is designed to accomplish the following objectives:

- Align compensation with the overall Company business strategy and business unit goals;
- Reward executive team members for their contribution to the overall success of the Company and for achievement of planned business and financial objectives in their own area of responsibility;
- Attract and retain executive talent able to bring superior management skills to the Company;
- Implement compensation programs that are cost efficient;
- Incentivize executives to align their long-term interests with the investment objectives of the Company's shareholders; and,
- Avoid and discourage short-term behaviour that is not in the best interests of shareholders.

The Company's objective is to be a profitable; highly integrated, technology driven engineering and manufacturing firm providing creative, quality engineered solutions for the automotive, transportation and oil & gas markets. 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 Company has developed a compensation package to attract such executives that includes cash compensation and benefits as well as participation in the profitability of the Company both through direct profit participation and participation in the increased value of the enterprise reflected in its stock price. As the Company's profits increase, it is anticipated that an executive's compensation will increase, providing an alignment of shareholder-owner interests and management interests as value is created for both. If profits decrease, an executive's overall compensation will generally decrease to base levels.

### *Elements of compensation*

The key elements of the Company's compensation arrangements for its NEOs include:

1. Base salary;
2. Bonus awards; and
3. Equity participation.

NEOs are also entitled to standard benefits and perquisites. Base salary and bonuses are governed by employment contracts and formalized bonus plans, while equity participation is negotiated and reviewed more frequently. There are various factors considered when negotiating the compensation arrangements of the Company's NEOs, which are discussed in detail below. Decisions under one compensation element do not impact the other compensation elements.

### *Base salary*

The Company provides a base salary so that NEOs have a regular defined and certain income. Competitive base salaries are important in attracting and retaining executives. Base salaries for fiscal 2017, have been established to reflect: (i) individual performance and achievement; (ii) the increased responsibilities characterized by a public company; (iii) compensation levels which such individuals could attract in the senior executive or professional market for their services; and, (iv) levels that are appropriately higher than those earned by their direct reports. At the end of fiscal 2017 Ms. Reko's base salary was \$225,000, Ms. Crowley's base salary was \$200,000 and Mr. Gobel's base salary was \$143,000. Base salaries of our other employees are set out in the employee's employment contract or letter of employment.

### *Bonus*

A portion of the cash compensation for NEOs is in the form of direct profit participation, based on meeting targeted metrics as set by the Board at the beginning of the fiscal year. The total bonus amount which is set at 25% of base salary is calculated based on 6.25% of base salary for meeting each of the following targets – EBITDA, Earned Revenue (as defined in the Company's MD&A), earnings per share and working capital. Thus, NEOs are encouraged to grow corporate profits and positive cash flow, an objective that is aligned with the interests of the Company's stakeholders. The Company does not publicly disclose the specific

targets for the four metrics on the basis that it believes a reasonable person would consider that disclosing such information would seriously prejudice the Company's interests pursuant to the exemption set out in Form 51-102F6V, Item 2.6(4). Similar approaches to direct profit participation are present at other levels of the organization in addition to the executive level.

For NEOs with employment contracts, the negotiated percentages do not fluctuate, although the amount of the bonus will fluctuate as the underlying metrics fluctuate. The pre-tax profit calculation excludes extraordinary items, as determined by the Company's Independent Auditor. Ms. Reko's employment contract and Ms. Crowley's agreement contain bonus calculations based on metrics related to achieving budgeted targets and are capped at 25% of base salary. Ms. Reko's bonus does not formally include a cap but she has agreed to a calculation with the above-noted limit.

Mr. Gobel's bonus is calculated based on a percentage of his salary for achievement of each of a number of goals. The bonus is calculated as 10% of Mr. Gobel's salary for attainment of budgeted operating income for the division for which Mr. Gobel is responsible, 10% of his salary for attainment of a 15% return on net assets for the division, as well as up to 3% of his salary for achievement of various goals assigned by the CEO. The Company does not publicly disclose the targets for subsidiary budgeted operating income and subsidiary return on net assets on the basis that it believes a reasonable person would consider that disclosing such information would seriously prejudice the Company's interests pursuant to the exemption set out in Form 51-102F6V, Item 2.6(4). In particular, due to the composition of the industry in which Mr. Gobel's subsidiary operates, disclosing this information is likely to result in a significant competitive disadvantage for the Company within such industry. The Company defines "operating income" as net income plus/(minus) each of: interest income (expense); foreign exchange gains (losses); and, gains (losses) from the sale of capital assets.

All other employees are entitled to participate in a bonus pool established as 3.1% of the operating income of the company in which they are primarily employed.

The underlying objective of our bonus structure is to encourage decision making that supports the objectives of the business; that promotes profitability and profitable growth; and that assists in recruiting and retaining the scarce talent available in our technical business. Each employee's compensation is directly affected by the profitability of the operations over which he or she is responsible.

For the year ended July 31, 2017, none of the NEOs earned a bonus based on performance metrics due to financial results being below targeted values for each of the four measurements but Ms. Crowley and Mr. Gobel each received a discretionary bonus approved by the Compensation Committee of the Board in the amount of \$5,000. Ms. Reko elected not to accept any discretionary amount for the year. Other employees did participate in a bonus pool equal to approximately 3.1% of operating income for their respective division.

The Company does not currently have a policy on recovery of bonus awards in the event of a restatement of earnings or an adjustment to earnings.

All bonus amounts are calculated and listed (by employee) and then are approved by the Compensation Committee of the Board prior to disbursement.

### *Equity participation*

Another component of the NEOs' compensation is direct or indirect equity participation by NEOs. The Compensation Committee believes that NEOs should be motivated to impact the Company's stock price, to the benefit of the shareholders. While driving profitability has been their primary focus to achieve this goal, NEOs are encouraged, but not required, to own Reko shares directly or indirectly. Ms. Reko owns shares of the Company directly, while Ms. Crowley and Mr. Gobel do not.

The Compensation Committee believes that incentive compensation in the form of stock option grants could be beneficial to attract and retain both senior executives and talent at other levels. The Company's option plan thus allows grants to employees at all levels of the organization and takes into consideration previous grants when considering awarding new grants. In fiscal 2017, the Company granted an additional 65,000 options to employees, 10,000 options to Ms. Diane Reko (who is both an employee and a director) and 30,000 options to all other directors.

Option awards are discretionary, as approved by the Compensation Committee and the Board. The CEO/Chair of the Board has in the past and, in the future, may request that options be granted for directors, senior executives, or other employees. The Compensation Committee and the Board may consider a variety of factors in exercising discretion, including the compensation philosophy and practices of the Company as described in this Circular; individual or collective management performance; previous grants of options; contributions to the Company's success; relative position; years of service; and general compensation trends.

The Stock Option Plan is intended to promote the interests of the Company and its shareholders by making provision for stock options as an additional incentive to attract, retain and motivate full-time officers, key employees and directors who will make important contributions to the success of the Company. The Compensation Committee believes that incentive compensation in the form of stock option grants is, and has been, beneficial and necessary to attract and retain directors, senior executives and managerial talents at other levels.

### *Perquisites and personal benefits*

The primary purpose of providing benefits and limited perquisites to the NEOs is to attract and retain the talent to manage the Company. Perquisites and personal benefits for NEOs are consistent with established corporate wide benefits available to all employees, save and except for car allowances (which do not exceed \$7,200 a year) and re-imbursement of gasoline purchases for automobiles used for business purposes (approximately \$4,000 a year) available to certain members of management, which includes each of the NEOs.

### **PENSION DISCLOSURE**

The Company does not maintain a defined benefit pension plan for any of its employees, including the NEOs. The Company does offer an individual based Group RRSP policy (the "**Canadian Policy**") in which the NEOs participate.

The Canadian Policy provides a Company contribution, up to a maximum of \$1,500 per year, based on years of service (or as otherwise negotiated). The Company's contribution is provided by the Company to the provider of the Canadian Policy for application to the employee's account. Once in the employee's account, the investment decision and the decision of when to redeem the funds are both at the sole discretion of the employee. The Company does not have access to information on the accumulated value for any NEO. Accordingly, the Company has only disclosed the contributions made to the Canadian Policy by the Company on behalf of the NEOs in the "**Value of All Other Compensation**" column in the Table of Compensation Excluding Compensation Securities on page 22.



## OTHER MATTERS

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### ***INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS, AND EMPLOYEES***

None of Reko's present or former directors or executive officers was indebted as of the date of this Circular or at any time preceding the date of this Circular during 2017 to Reko or its subsidiaries.

None of Reko's nor any of its subsidiaries' present or former employees was indebted as of the date of this Circular or at any time preceding the date of this Circular to Reko or its subsidiaries in connection with the purchase of Reko's securities. As at the Record Date, the aggregate amount of indebtedness to Reko and its subsidiaries, incurred other than in connection with the purchase of securities of Reko was \$Nil, in the case of present or former employees.

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

Reko's directors' and officers' liability insurance continues in place for the upcoming year. This insurance provides, among other coverages, coverage up to \$15 million for officers and directors of Reko and its subsidiaries. This policy does not provide coverage for losses arising from the intentional breach of fiduciary responsibilities under statutory or common law or from violations of or the enforcement of pollutant laws and regulations. The aggregate premium payable in respect of the policy year was \$25,232.

### ***NORMAL COURSE ISSUER BID***

On December 12, 2016, the TSX Venture Exchange accepted a notice filed by the Company of its intention to make a normal course issuer bid for 321,996 of its outstanding common shares. The notice provides that Reko may, during the 12-month period commencing December 15, 2016 and ending December 14, 2017, purchase on the TSX Venture Exchange up to 321,996 of its common shares at market value. All purchased shares will be cancelled. To date, 10,000 shares have been purchased and subsequently cancelled under this normal course issuer bid. Any shareholder may receive a copy of Form 5G, Notice of Intention to Make a Normal Course Issuer Bid, via SEDAR at [www.sedar.com](http://www.sedar.com); by contacting the Company via e-mail at [irelations@rekointl.com](mailto:irelations@rekointl.com); or by writing to the Company, Attn: Investor Relations, 469 Silver Creek Industrial Drive, Lakeshore, Ontario N8N 4W2.

### ***SHAREHOLDER PROPOSALS AND COMMUNICATIONS***

Proposals of shareholders intended to be presented at the Annual General Meeting of Shareholders to be held in calendar 2018 must be received by Reko at its principal executive offices for inclusion in its Management Information Circular/Proxy Statement on or before October 1, 2018.

### ***CONTACTING THE BOARD OF DIRECTORS***

Shareholders wishing to communicate with any director of the Company may do so by contacting Reko's corporate secretary at its corporate headquarters at 469 Silver Creek Industrial Drive, Lakeshore, Ontario N8N 4W2, telephone (519) 727-3287.

## OTHER BUSINESS

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While management of the Company is not aware of any business to be brought before the Meeting other than those referred to in the Notice, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## ADDITIONAL INFORMATION

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Additional information relating to the Company can be found under Reko's profile at [www.sedar.com](http://www.sedar.com). Copies of this Circular and the audited comparative financial statements and MD&A for the most recently completed financial years ended July 31, 2017 and 2016 are available upon request and without charge, from the Company at Reko International Group Inc., Attn.: Investor Relations Department, 469 Silver Creek Industrial Drive, Lakeshore, Ontario, N8N 4W2, tel: (519) 727-3287 or e-mail at [irelations@rekointl.com](mailto:irelations@rekointl.com).

Financial information is provided in the Company's consolidated financial statements and MD&A for its most recently completed financial year ended July 31, 2017.

## APPROVAL OF CIRCULAR

The contents of this Circular have been approved and its distribution has been authorized by the directors of the Company.

Dated this 20<sup>th</sup> day of October, 2017

By order of the Board of Directors

*“Diane Reko”*

Diane Reko  
CHAIR



225.0MM

HIGHLAND TOOLS  
HT-1065

# SCHEDULE "A" REKO INTERNATIONAL GROUP INC. (the "Company")

FORM 58-101F2

## CORPORATE GOVERNANCE DISCLOSURE (VENTURE ISSUERS)

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**1. BOARD OF DIRECTORS** - *Disclose how the board of directors (the "Board") facilitates its exercise of independent supervision over management, including:*

(i) *the identity of directors that are independent; and*

The Board considers the following current directors to be independent within the meaning of section 1.4 of NI 52-110 - *Audit Committees*: Andrew J. Szonyi, John Sartz and Maria Ann Thompson.

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

Diane Reko, Chief Executive Officer and Chairman of the board, is not independent because she is an executive officer of the Company.

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

The following current directors are also directors of other reporting issuers.

Name of Director	Reporting Issuer
Andrew Szonyi	Clearford Water Systems Inc.

**3. ORIENTATION AND CONTINUING EDUCATION** - *Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.*

Director Orientation

There is an orientation meeting held by executive management for each new director. The orientation meeting includes presentations by executive management on business operations, corporate strategies and key risks of the business. New directors are provided with an information package on the Company's business, its strategic and operational business plans, its operating performance, its governance system and its financial position. New directors are also provided with the Board mandate, committee terms of reference, codes of conduct and applicable policies.

Annually, each member is involved in the review of the mandate for either the full Board, or for the committee to which they belong, or both. Members of the Board are welcome to visit any of the Company's facilities at their convenience. Due to their tenure with the Board, many members are quite familiar with the Company's operations.

#### Continuing education

The Company will pay for continuing education for directors if they find appropriate programs related to their directorship. As part of continuing education, executive management makes regular presentations to the Board on the main areas of the Company's business. As well, when orientation meetings are held, existing directors are invited to attend the sessions too. In addition, directors are given the opportunity for extensive tours of the facilities of the Company and its subsidiaries which include presentations on products being developed at those facilities.

#### **4. ETHICAL BUSINESS CONDUCT - Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.**

In January 2009, 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 employees. In addition, all senior executives, divisional managers, sales representatives, program managers and members of the finance, human resources, purchasing and information technology departments must report annually their compliance with the Code of Conduct for the previous year and provide written confirmation of their intention of compliance for the upcoming year.

The Board monitors compliance with its Code of Ethics by reviewing management reports and reports to the whistleblower line. The contact person for the whistleblower function is currently the Chair of the Audit Committee. The Board will therefore be well apprised of any concerns expressed by this means. To the knowledge of the Board, there have been no departures from the Code of Ethics. The Audit Chair is an Independent director, and his contact information is available in the Whistleblower Policy, available on the Company's website. Any stakeholder may provide feedback to the Board through him.

Officers in attendance at Board meetings are expected to report any material changes or conflicts of interest, and directors are expected to abstain from voting on issues in which they have a material interest. The Board ensures that directors exercise independent judgement by asking directors with a material interest in transactions to abstain from voting. As well, when board members interact with management, they encourage and promote a culture of ethical business conduct.

#### **5. NOMINATION OF DIRECTORS - Disclose what steps, if any, are taken to identify new candidates for board nomination, including:**

##### *(i) who identifies new candidates; and*

Individual members of the Board can recommend candidates for election as directors when necessary or advisable and assess their qualifications. Candidates are then interviewed by the Chairman of the Board and then by the full Board.

*(ii) the process of identifying new candidates.*

The Board does not have a nominating committee. Activities related to the nomination process are accepted as responsibilities of the full Board. Candidates for any Board openings are selected after soliciting applications from various directors' organizations and appropriate contacts. Individuals are interviewed and evaluated for the Board vacancy - with each being scored on a grid with weighting assigned to relevant skills and experience.

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

*(i) who determines compensation; and*

The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to executive compensation and evaluating performance relative to those goals and objectives.

*(ii) the process for determining compensation.*

On an annual basis, the Company circulates a proposed strategic plan and budgets, which are discussed and, if appropriate, adopted by the Board. These form the basis of the corporate objectives which the Chief Executive Officer is responsible for meeting. The Compensation Committee assesses management's performance and reviews its compensation, as discussed under item 7 below.

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

The Board has a Compensation Committee.

The members of the Compensation Committee for the fiscal year ended July 31, 2017 were Andrew Szonyi (Chair), John Sartz and Maria Thompson, all of whom are Independent.

The Board believes that the members of the Compensation Committee are qualified to fulfill the required duties of this committee due to their experience and direct involvement in executive compensation decisions. The members of the Compensation Committee have an understanding of executive compensation, including the underlying policies and principles and relevant market practices required for decisions about executive compensation. This knowledge is as a result of the experience of the Compensation Committee members as senior executives, including in many cases, having ultimate responsibility for human resources and compensation. The current Compensation Committee members have experience in top leadership roles (all three are currently or were previously Presidents/Chief Executive Officers in other companies), a mix of functional experience and competency, and tenures as directors of public companies. For Mr. Sartz and Mr. Szonyi, this understanding has also been garnered through their six years of service on the Compensation Committee while Ms. Thompson has served on committees requiring similar skills and knowledge in previous positions during her career.

The Compensation Committee oversees the overall corporate policy with respect to compensation and benefits and makes recommendations to the Board on, among other things, the compensation of senior management and the directors. In assessing compensation issues, the Compensation Committee reviews and examines in detail the performance of senior management.

The Compensation Committee periodically considers the compensation of directors and senior management, and the Compensation Committee brings the resulting suggestions to the Board for its consideration. The Board and the Compensation Committee have considered appropriate compensation levels and mechanisms in view of, inter alia, recent economic developments.

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

The Board conducted their first assessment of members of the Board during fiscal 2011. The assessment was conducted via confidential surveys with Board members and key management personnel, with the results aggregated and any comments disclosed. It was determined based on criteria established by reviewing similar organizations and recommendations of directors' organization that the board and committees are performing effectively. These steps were taken by the Board to satisfy itself that the Board, its committees and individual directors were performing effectively.



## SCHEDULE “B”

### Audit Committee Charter

#### I. AUDIT COMMITTEE PURPOSE

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee’s primary duties and responsibilities are to:

- Identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- Monitor the integrity of the Company’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance, as well as the Company’s processes for identifying and reporting fraud or illegal acts;
- Monitor the independence and performance of the Company’s external auditors and internal auditing department; and
- Provide an avenue of communication among the external auditors, management, and the Board.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company’s expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

#### II. AUDIT COMMITTEE COMPOSITION AND MEETINGS

Audit Committee members shall meet the requirements of the *Business Corporations Act* (Ontario) and the stock exchange on which the Company is listed. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be outside directors who are unrelated, free from any relationship that, in the opinion of the Board, may interfere with the exercise of his or her independent judgement as a member of the Committee or independence from management and the Company. All members of the Committee shall be financially literate, being defined as able to read and understand basic financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.

Audit Committee members shall be appointed by the Board on recommendation from the nominating process. If an Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate, with meetings to be free of time constraints. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. For a portion of each meeting, this Committee meets privately in executive session with the external auditors and as a committee to discuss any matters that the Committee, or each of these groups, believe should be discussed as appropriate. In addition, the Committee, or at least its Chair, should communicate with management and the external auditors quarterly to review the Company’s interim financial statements and significant findings based upon the auditors’ review procedures.

### III. *AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES*

#### **REVIEW PROCEDURES**

1. Review and reassess the adequacy of this Charter at least annually and submit the Charter to the Board for approval.
2. Review the Company's quarterly and annual audited financial statements and management's discussion and analysis and other disclosure documents containing financial information that would likely be material to either the quarterly or annual statements prior to their approval by the Board and release to the public. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices and significant management estimates and judgments.
3. Annually, in consultation with management and external auditors, oversee the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the external auditors, together with management's responses. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so. To this end, management is to provide the Audit Committee annually a formal report on internal control, which should set out the role of the external auditors and the internal auditor/controller/CFO in providing information and assurances to the Audit Committee.
4. Review the effectiveness of the overall process for identifying the principal business risks affecting financial reporting and the Company as a whole. Oversee the Company's management of the principal business risks and ensure that they are completely and fairly presented to the Committee and to provide the Committee's view to the Board.
5. Review with the Chief Financial Officer, the Controller and the external auditors the Company's quarterly financial results and related documents prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles with the Independent Auditors, the Chief Financial Officer and the controller to ensure that the proposed changes are appropriate and that such changes are implemented effectively. The Chair of the Committee may represent the entire Audit Committee for purposes of this review.
6. Periodically, assess the adequacy of procedures for the review of public disclosure of financial information extracted or derived from the financial statements.

#### **EXTERNAL AUDITORS**

7. The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant.
8. The Audit Committee shall approve all auditing fees and other significant compensation to be paid to the external auditors. The Audit Committee has adopted a pre-approval policy for the engagement of non-audit services. Services less than CAD \$10,000 in value are pre-approved provided that the Audit Committee is advised of all such services.

9. On an annual basis, the Committee shall review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence, as well as assess their working relationship with management.
10. Review the external auditors' audit plan – discuss and approve audit scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
11. Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss certain matters with the auditors that are required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
12. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting. Resolve disagreements between management and the external auditor regarding financial reporting.

### **LEGAL COMPLIANCE**

13. On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

### **OTHER AUDIT COMMITTEE RESPONSIBILITIES**

14. Annually assess the effectiveness of the Committee against its Charter and report the results of the assessment to the Board.
15. Prepare and disclose a summary of the Charter to shareholders.
16. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.
17. Maintain minutes of meetings and regularly report to the Board on significant results of the foregoing activities.
18. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
19. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees, of the present and former external auditors.

### **WAIVERS**

20. The Audit Committee, at its sole discretion, may choose to waive disciplinary action in response to non-compliance with the Code. Reko International Group Inc. promptly will disclose any such waivers granted to any of its executive officers, senior financial officers, or directors as required under applicable law and regulation.

The Audit Committee has reviewed this Charter on June 1, 2017.

