

# MANAGEMENT INFORMATION CIRCULAR

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Linamar Corporation

Annual Meeting May 30, 2019

This document contains:

- Notice of Meeting
- Information Circular

March 11, 2019

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March 11, 2019

## INVITATION TO SHAREHOLDERS

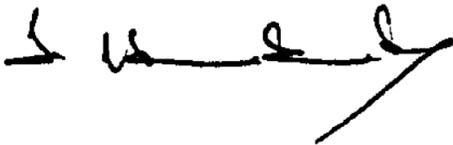
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Fellow Shareholder:

It is my pleasure to invite you to the Annual Meeting of Shareholders of Linamar Corporation, which will be held on May 30, 2019 at 10:00 a.m. (local time), at The Frank Hasenfratz Centre of Manufacturing Excellence, 700 Woodlawn Road, Guelph, Ontario. The Notice of Annual Meeting of Shareholders and related materials are enclosed. This Management Information Circular describes the business to be conducted and other important matters to be discussed at the meeting. It is important that you exercise your vote, either in person at the meeting or by completing and sending in your proxy form.

We hope you will be able to join us.

Yours very truly,

A handwritten signature in black ink, appearing to read 'F. Hasenfratz', with a long horizontal stroke extending to the right and a diagonal line crossing it at the end.

Frank Hasenfratz  
Chairman of the Board  
Linamar Corporation

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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The 2018 Annual Meeting of Shareholders of Linamar Corporation will be held on May 30, 2019 at 10:00 a.m. (local time), at The Frank Hasenfratz Centre of Manufacturing Excellence, 700 Woodlawn Road, Guelph, Ontario, Canada, for the following purposes:

1. to receive the consolidated financial statements for the financial year ended December 31, 2018, and the auditors' report thereon;
2. to appoint the auditors and authorize the directors to fix their remuneration;
3. to consider and, if thought appropriate, to pass without variation an ordinary resolution, the text of which is set out in this Circular, approving, ratifying and confirming By-Law No. 8 of the Corporation, adopting advance notice requirements for nominations of directors of the Corporation, which was approved by the Board of Directors on March 11, 2019.
4. to vote on a joint Shareholder Proposal filed pursuant to s. 99 of the Business Corporations Act (Ontario);
5. to elect the directors;
6. to transact such other business as may properly be brought before the Annual Meeting, or any adjournment thereof.

Shareholders of record at the close of business on April 1, 2019, are entitled to vote at the Annual Meeting. Shareholders are entitled to vote at the Annual Meeting either in person or by proxy. Any shareholder who is unable to attend the Annual Meeting in person is requested to either complete, date, sign and return the enclosed form of proxy in the envelope provided for that purpose to the Corporation's transfer agent, Computershare Investor Services Inc., or vote via the Internet.

The Management Information Circular and form of proxy accompany this Notice of Annual Meeting of Shareholders.

Dated at Guelph, Ontario, this 9th day of April, 2019.

BY ORDER OF THE BOARD OF DIRECTORS,

A handwritten signature in black ink, appearing to read 'Linda Hasenfratz', with a long horizontal line extending to the right.

Linda Hasenfratz  
Chief Executive Officer

## VOTING INFORMATION

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This Management Information Circular (this “Circular”) is furnished to the shareholders of Linamar Corporation (“Linamar” or the “Corporation” or the “Company”) in connection with the solicitation by and on behalf of the management of the Corporation of proxies at the annual meeting of shareholders of the Corporation called for May 30, 2019 (the “Meeting”) or any adjournment thereof for the purposes and at the time and place set forth in the attached Notice of Annual Meeting of Shareholders (the “Notice”).

This Circular, the Notice, the accompanying form of proxy and Linamar’s 2018 Annual Report to Shareholders (collectively, the “meeting materials”) are being mailed, on or about April 9, 2019, to shareholders of record of the Corporation as of the close of business on April 1, 2019. The Corporation will bear all costs associated with the preparation and mailing of the meeting materials, as well as the costs of the solicitation of proxies. The solicitation will be primarily by mail; however, officers and regular employees of the Corporation may also solicit proxies (but not for additional compensation) personally, by telephone, telefax or other means of electronic transmission. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation materials to their principals and to obtain authorizations for the execution of proxies, and will be reimbursed for their reasonable expenses in doing so.

All dollar amounts referred to in this Circular are in Canadian dollars. The information contained in this Circular is given as at March 11, 2019, except as otherwise noted.

### Appointment and Revocation of Proxies

The persons named in the form of proxy accompanying this Circular are officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) as nominee to attend and act for and on behalf of such shareholder at the Meeting, other than the management representatives named in the accompanying form of proxy. This right may be exercised by registered shareholders by either striking out the names of the management representatives where they appear on the front of the form of proxy and by inserting in the blank space provided the name of the other person whom the shareholder wishes to appoint, or by completing and submitting another proper form of proxy naming such other person as proxy.**

A shareholder who was given a proxy may revoke it by depositing an instrument in writing signed by the shareholder or by the shareholder’s attorney, who is authorized in writing, in accordance with the instructions given below. A shareholder may also revoke a proxy in any other manner permitted by law.

Registered shareholders wishing to be represented at the Meeting by proxy and shareholders wishing to revoke a proxy previously given, must deposit their form of proxy or revocation of proxy, addressed to the Secretary of the Corporation, at one of the following locations: (i) the principal executive offices of the Corporation at 287 Speedvale Ave., W., Guelph, Ontario, Canada N1H 1C5; or (ii) the offices of Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario, M5J 2Y1, in each case, at any time up to 10:00 a.m. (Toronto time) on May 27, 2019 or any adjournment(s) thereof, at which time the proxy is to be used, or (iii) on the day of the Meeting with the Secretary of the Corporation or the Chairman of the Meeting prior to the start of the Meeting or any adjournment(s) thereof.

### Special Instructions for Non-Registered Holders

Only registered shareholders, or the persons that they appoint as their proxies, are permitted to attend and vote at the meeting. However, in many cases, shares beneficially owned by a holder (a “**Non-Registered Holder**”) are registered either:

- (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of registered plans; or
- (b) in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will be distributing copies of the meeting materials to the intermediaries for further distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders and receive

voting instructions from them unless a Non-Registered Holder has waived the right to receive the meeting materials. Intermediaries often use service companies (such as Broadridge Investor Communications Solutions) to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the meeting materials will either:

- (a) be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions set out on the voting instructions form (which may, in some cases, permit the completion of the voting instruction form by telephone); or
- (b) less typically, be given a proxy which has already been signed by the intermediary (usually by way of a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit the proxy should otherwise properly complete and deposit it with the Corporation or Computershare Trust Company of Canada, as described above. This proxy need not be signed by the Non-Registered Holder.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives a proxy signed by the intermediary wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the name of the Non-Registered Holder (or such other person) in the blank space provided. A Non-Registered Holder who receives a voting instruction form should follow the corresponding instructions on the form.

If you are a beneficial shareholder of the Corporation, you may revoke voting instructions which have been given to an intermediary at any time by written notice to the intermediary. If you are a beneficial shareholder of the Corporation, please submit your voting instructions to your intermediary or broker in sufficient time to ensure that your votes are received by the Corporation or Computershare Investor Services Inc. on or before 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting.

**Non-Registered Holders should carefully follow the instructions of their intermediaries and their intermediaries' service companies on the request for instructions or proxy form provided to them.**

### **Voting of Proxies**

The shares represented by any valid proxy will be voted for, against or withheld from voting in accordance with the instructions as indicated on any ballot that may be called for, and if a choice is specified with respect to any matter to be acted on, the shares will be voted for, against or withheld from voting accordingly. **In the absence of such specific instructions, such shares will be voted in the discretion of the persons designated in the proxy, which in the case of the representatives of management named in the enclosed form of proxy will be as follows: FOR the election as Directors of the proposed nominees named in this Circular; FOR the ratification of the new Corporate By-Law detailed at Schedule "B" of this Circular; AGAINST the Shareholder's Proposal detailed at Schedule "C" of this Circular; FOR the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation and the resolution authorizing the Directors to fix the auditors' remuneration.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to such other business or matters which may properly come before the Meeting or any adjournment(s) thereof. As of the date of this Circular, the Corporation is not aware of any amendment or variation or other business or matters to be raised at the Meeting.

### **Record Date**

The Board of Directors of the Corporation (the "**Board**") has fixed the close of business on April 1, 2019 as the record date (the "**Record Date**") for the Meeting. Only holders of record as of the close of business on the Record Date are entitled to receive notice of and to attend and vote at the Meeting.

### **Voting Shares and Principal Holder**

Many large Canadian publicly held companies are controlled by a family, a parent company or a group of shareholders through their holdings of common shares. Effective equity control can come from holding 20% or more of the common shares of a widely held company.

Linamar Corporation was founded by Mr. Frank Hasenfratz in 1966 as a privately held Ontario corporation. It was converted to a public corporation in 1986, with Mr. Hasenfratz continuing to hold a dominant minority shareholder position. Due to the number of shares he owns as a percentage of all outstanding voting common shares, he may be considered a “controlling shareholder” and is deemed to be a “control person” under applicable Canadian securities laws.

A controlling shareholder, such as Mr. Hasenfratz, has a legitimate interest in being actively involved in the Board and by virtue of his equity holdings has substantial influence over the strategic direction of the Company, the appointment of Directors and executive compensation. That said, Mr. Hasenfratz’s leadership and focus is very long-term oriented.

As at the date hereof, the Corporation has 65,354,495 outstanding common shares (the “**Common Shares**”), each carrying the right to one vote per share.

To the knowledge of the management of the Corporation, the following persons, as of March 11, 2019, are the only persons beneficially owning directly or indirectly, or exercising control or direction over, shares representing 10% or more of the voting rights attached to any class of the issued and outstanding shares of the Corporation.

	<u><b>Class of Shares</b></u>	<u><b>Number of Shares</b></u>	<u><b>Percentage</b></u>
Frank J. Hasenfratz <sup>(1)</sup>	Common	15,265,121	23.36%

(1) Of the Common Shares noted above, 96,803 are owned directly by Frank Hasenfratz. The remaining Common Shares noted above are owned, directly or indirectly, by 975904 Ontario Inc. (“975904”). In particular, 975904 owns 5,124,800 Common Shares directly, and owns all of the outstanding shares of Hasenfratz Investments Ltd., an investment company, which owns 10,043,518 Common Shares. Frank Hasenfratz, Chairman of the Corporation, controls 975904 through 2354423 Ontario Inc. (“2354423”). 2354423 (100% owned by the Frank Hasenfratz 2012 Trust) owns 55% of 975904. The remaining 45% of 975904 is owned by 2354425 Ontario Inc., which is 100% owned by the Linda Hasenfratz 2012 Trust.

In the best interests of the Corporation, Mr. Hasenfratz has advised the Corporation that he intends to vote his Common Shares for the election of the proposed nominees named in the Circular as Directors of the Corporation and for the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation and the resolution authorizing the Directors to fix the auditors’ remuneration.

## BUSINESS TO BE TRANSACTED AT THE MEETING

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### 1. Receiving Financial Statements and Report from Auditors

Management, on behalf of the Board, will submit to the shareholders at the Meeting the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2018 and the report of the Auditors thereon. The audited consolidated financial statements and Auditors' report form part of the Corporation's 2018 Annual Report to Shareholders and will be mailed to Shareholders with the Notice, the proxy and this Circular. Additional copies of Linamar's 2018 Annual Report to Shareholders can be obtained from the Investor Relations Department of the Corporation and will be available at the Meeting.

### 2. Re-Appointment of Auditors

At the Meeting, shareholders will be asked to re-appoint PricewaterhouseCoopers LLP as the auditors of the Corporation, to hold office until the next annual meeting of shareholders or until a successor is appointed. PricewaterhouseCoopers LLP have been the auditors of the Corporation since January 30, 1986. **The persons named in the accompanying form of proxy will, in the absence of specific instructions to the contrary, vote FOR the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation and the resolution authorizing the Directors to fix the auditors' remuneration.**

Please refer to the section entitled "External Auditor Service Fees" in the Corporation's Annual Information Form dated March 25, 2019, filed on SEDAR ([www.sedar.com](http://www.sedar.com)), for the fees charged by PricewaterhouseCoopers LLP for the fiscal years 2017 and 2018.

### 3. Approval of Advance Notice By-law

#### Background

On March 11, 2019, upon the recommendation of the Human Resources and Corporate Governance Committee, the Board of Directors of the Corporation adopted a by-law regarding advance notice of nominations of directors of the Corporation (the "Advance Notice By-law"). The Advance Notice By-law is in effect until it is confirmed, confirmed as amended or rejected by the shareholders at the Meeting and, if the Advance Notice By-law is confirmed at the Meeting, it will continue in effect in the form in which it was so confirmed. A copy of the Advance Notice By-law is attached to this Information Circular as Schedule "A".

#### Purpose of the Advance Notice By-law

The Board believes that the Advance Notice By-law will provide a clear and transparent process for all shareholders to follow if they intend to nominate directors. In that regard, the Advance Notice By-law provides a reasonable time frame for shareholders to notify the Corporation of their intention to nominate directors. Nominating shareholder(s) must also disclose information concerning the proposed nominees and the nature of the nominating shareholder(s)' interest in the Corporation. The Advance Notice By-law is also intended to facilitate an orderly and efficient meeting process.

The Board is committed to: (a) facilitating an orderly and efficient annual or, where the need arises, special meeting process; (b) ensuring that all shareholders receive: (i) adequate notice of the director nominations; and (ii) sufficient information in advance of the annual or special meeting with respect to all director nominees and the ownership interests, including derivatives, hedged positions and other economic incentives and voting interests, of the nominating shareholder(s) in order to assess the qualifications of the proposed nominees for election to the Board and the nature of the nominating shareholder(s)' interest in the Corporation; and (c) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

#### Summary of Terms of the Advance Notice By-law

The Advance Notice By-law provides that advance notice to the Corporation must be made in circumstances where nominations of individuals for election to the Board are made by shareholders at any annual meeting of Shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the Board, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more

shareholders pursuant to a proposal made in accordance with the *Business Corporations Act* (Ontario) (“OBCA”) or a requisition of the shareholders made in accordance with the OBCA; or (c) by a nominating Shareholder: (i) who, at the close of business on the date of the giving of the nominating shareholder’s notice and on the record date for notice of such meeting, is a registered holder of Common Shares carrying the right to vote at such meeting on the election of directors or who beneficially owns shares that are entitled to be voted at such meeting and provides proof of such beneficial ownership to the Corporation; and (ii) who complies with the nominating shareholder’s notice procedures set forth in the Advance Notice By-law.

The Advance Notice By-law fixes a deadline by which holders of record of Common Shares must submit director nominations to the Corporate Secretary of the Corporation prior to any annual or special meeting of shareholders and outlines the specific information that a nominating shareholder must include in the written notice to the Corporate Secretary of the Corporation for an effective nomination to occur. No individual nominated by a shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-law.

In the case of an annual meeting of shareholders, notice to the Corporate Secretary of the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporate Secretary of the Corporation must be made not later than the 15th day following the day on which the first public announcement of the date of the special meeting was made.

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of notice under the Advance Notice By-Law.

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

#### Confirmation and Approval of Advance Notice By-law by Shareholders

If the Advance Notice By-law is approved at the Meeting, the Advance Notice By-law will continue to be in effect after the termination of the Meeting. Following this, the Advance Notice By-law will be subject to an annual review by the Board, and will be updated to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

If the Advance Notice By-law is not approved at the Meeting, the Advance Notice By-law will cease to be effective.

At the Meeting, the following by ordinary resolution will be presented (the “**Advance Notice Resolution**”):

“BE IT RESOLVED THAT:

- (a) By-law No. 8 the Corporation, the full text of which is reproduced in Schedule A to the Corporation’s Management Information Circular dated March 11, 2019, is hereby confirmed without amendment as a by-law of the Corporation; and
- (b) any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver for, and in the name of and on behalf of the Corporation all such certificates, instruments, notices and other documents and to do all other such acts and things as such person determines to be necessary or desirable for the purpose of giving effect to this resolution.

The Board of Directors recommends that the Shareholders vote in favour of the Advance Notice Resolution. For the Advance Notice By-law to remain in effect, the Advance Notice Resolution must be approved by a simple majority of the votes cast by the Shareholders who vote in person or by proxy at the Meeting on the Advance Notice Resolution.

**In the absence of contrary instruction, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the Advance Notice Resolution.**

#### **4. Consideration of Shareholder Proposal**

At the meeting, shareholders will be asked to vote on a single Shareholder Proposal that has been submitted in concert by four separate shareholding entities. The Shareholder Proposal is set out in Schedule "B".

The Board has unanimously concluded that the approval of the Shareholder Proposal would not be in the best interests of the Company and unanimously recommends that the Shareholders vote AGAINST the Shareholder Proposal.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED AGAINST THE SHAREHOLDER PROPOSAL UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED FOR SUCH SHAREHOLDER PROPOSAL. A MAJORITY OF VOTES MUST BE CAST IN FAVOUR OF THE SHAREHOLDER'S PROPSAL FOR IT TO BE APPROVED.**

#### **5. Election of Directors**

Under the Corporation's majority voting policy, an "uncontested election" shall mean an election at a meeting of shareholders of the Corporation at which the number of nominees for Director shall be equal to the number of Directors to be elected. In a contested election, this policy shall not apply and nominees shall be elected by plurality voting.

In an uncontested election of Directors, where a nominee for Director (the "**Subject Director**") is not elected by at least a majority (50% + 1 vote) of the votes cast with regard to his or her election, the Subject Director must immediately tender his or her resignation to the Board. Within 90 days after the shareholders' meeting, the Board shall determine whether to accept the Subject Director's resignation, which resignation should be accepted absent exceptional circumstances. The resignation shall become effective when accepted by the Board. (Please refer to Appendix A for a copy of the majority voting policy). Note that on May 18, 2018, Linamar announced the results of the election of Directors after its annual shareholders meeting in 2018. In compliance with TSX requirements, they are posted on [www.sedar.com](http://www.sedar.com).

Under the Corporation's articles of incorporation, the Board must consist of a minimum of three (3) and a maximum of ten (10) Directors. The number of Directors is currently fixed at six (6). The Corporation believes that the number of Directors is effective for a company of Linamar's size. The Board is large enough to allow for meaningful and substantial discussion and debate over the Company's strategic direction and any other issues. But it is small enough not to bureaucratize decision making, ensuring it is efficient and allows the Company to be nimble in being able to act quickly to seize key opportunities in the marketplace. The Company believes its governance structure has contributed to Linamar's excellent financial results over the past several years.

The persons named in the accompanying form of proxy will (in the absence of specific instructions to the contrary) vote FOR the election as Directors of the proposed nominees whose names are set forth below:

*Frank Hasenfratz  
Linda Hasenfratz  
Mark Stoddart  
William Harrison  
Dennis Grimm  
Terry Reidel*

The nominees will be voted on individually. All of the nominees are currently Directors. They have established their eligibility and willingness to continue to serve as Directors. Management does not believe that any of the nominees will be unable to serve as a Director, but if that should occur for any reason prior to the Meeting, the persons designated in the accompanying form of proxy may vote for another nominee at their discretion. Each Director elected will hold office until the close of the next annual meeting of the shareholders of the Corporation or until his or her respective successor is elected or appointed, unless such office is earlier vacated in accordance with applicable law and the Corporation's by-laws. More information on each of the six

proposed nominees for election as Director is set forth below under the heading “Nominees for Election to the Board of Directors”.

## NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS



**Frank Hasenfratz, 84**  
Guelph, Ontario, Canada

**Chairman of the Board**

**Linamar Board Details:**

- Director since 1966
- Non-Independent Director
- Controlling shareholder

As founder of Linamar, Mr. Hasenfratz has held this position since 1966. Born in Hungary in 1935, Mr. Hasenfratz attended trade and engineering technical schools while working as a toolmaker and machinist. He immigrated to Canada in 1957 and was a supervisor at Sinterings Ltd. until the formation of Linamar in 1966. Mr. Hasenfratz founded the Company as a one-man machine shop in the basement of his home in 1964. In 2014 Mr. Hasenfratz was named as a member of the Order of Canada and was invested in 2016.

Board meeting attendance: 5/5 (100%)  
Annual General Meeting: 1/1 (100%)  
Special meetings of the Board: None held in 2018  
Not a member of any Board Committees  
Director fees: (none)

**Areas of Expertise:**

- Leadership in a large organization
- M&A
- Manufacturing
- Automotive sector (Canada and Europe)
- Large public board experience

**Current Public Board Memberships:** None

**Former Public Board Memberships:** Linamar Hungary RT – (1997-2010)<sup>2</sup>, ComDev (1999-2007) and EMJ Data Systems (2002-2004)

Share ownership/ control		Options (vested)		Options (unvested)		Share grant (vested)		Share grant (unvested) <sup>3</sup>		Total value as of March 11, 2019 <sup>4</sup>
#	\$	#	\$	#	\$	#	\$	#	\$	\$
15,265,121	775,162,844	446,750	15,662,255	-	-	56,403	2,864,144	3,000	152,340	790,825,099

<sup>2</sup> Linamar Hungary RT is no longer a public company.

<sup>3</sup> The share grants are subject to an escrow agreement, but are technically owned by Mr. Hasenfratz. Therefore, this amount is included in his overall share ownership amount, disclosed in the first column.



Ms. Hasenfratz became Chief Executive Officer (“CEO”) of Linamar Corporation in August 2002. She was President of Linamar from April 1999 to August 2004. From September 1997 to September 1999, Ms. Hasenfratz was Chief Operating Officer of the Company. Ms. Hasenfratz joined Linamar in July 1990 and embarked on an extensive training program to gain familiarity with all aspects of the business. Positions held in the Corporation range from machine operator to Operations Manager. Ms. Hasenfratz has been on the Linamar Board since 1998. Ms. Hasenfratz completed an Executive MBA from the Ivey School of Business at the University of Western Ontario in June 1997 and holds an H BSc from the same institution, completed in 1989. In 2018 Ms. Hasenfratz was named Canada’s CEO of the Year by Caldwell Partners and was awarded membership in the Order of Canada in recognition of her efforts to promote women in the science, technology, engineering and mathematics fields.

Board meeting attendance: 5/5 (100%)  
 Annual General Meeting : 1/1 (100%)  
 Special meetings of the Board: None held in 2018  
 Not a member of any Board Committees  
 Director fees: (none)

Ms. Hasenfratz is a large minority shareholder of the Company. She owns approximately 6% of total shares outstanding. Part of these holdings is vested/unvested options (11%) and share grants (6%), totalling 17% as a percentage of total share ownership. Therefore, 83% of her total shareholdings (3,298,813 shares) are owned by her directly. As such, she has more than met the ownership level required of her as the CEO by a factor of almost 100 times.

**Linda Hasenfratz, 52**  
 Guelph, Ontario, Canada

**Director & Chief Executive Officer**

**Linamar Board Details:**  
 • Director since 1998  
 • Non-Independent Director

**Areas of Expertise:**

- Leadership in a large organization
- Strategy
- Manufacturing
- Automotive sector (International)
- Large public board experience

**Current Board and Council Memberships:** CIBC Board of Directors – Spring of 2004; Faurecia Board of Directors – Spring 2011.

Share ownership/ control		Options (vested)		Options (unvested)		Share grant (vested)		Share grant (unvested) <sup>4</sup>		Total value as of March 11, 2019,	Required level of ownership
#	\$	#	\$	#	\$	#	\$	#	\$	\$	\$
4,044,047	205,356,707	427,076	15,043,314	19,675	618,972	145,718	7,399,560	146,666	7,447,669	221,018,993	1,928,764



Mr. Stoddart joined Linamar Corporation in November 1985 working as a general machinist in the then newly opened Hastech Manufacturing facility. Since July of 2003, he has headed up the marketing and product development activities for the Company. He brings to this position his background in business and thirty years’ experience with Linamar and the automotive industry. Prior to his current position, he was Vice President Sales, Marketing & Product Development. Prior to that, he was General Manager of the Hastech Manufacturing facility. Before that position, Mr. Stoddart worked as an Estimating Engineer at the Corporate Marketing Department and in production control at the Roctel Manufacturing facility. He attended Sheridan College in 1982 in the Business Computer Systems program. Mr. Stoddart has been a Director of Linamar Corporation since 1999.

Board meeting attendance: 5/5 (100%)  
 Annual General Meeting: 1/1 (100%)  
 Special meetings of the Board: None held in 2018  
 Not a member of any Board Committees  
 Director fees: (none)

**Mark Stoddart, 54**  
 Guelph, Ontario, Canada

**Chief Technology Officer and Executive Vice President of Sales & Marketing**

**Linamar Board Details:**  
 • Director since 1999  
 • Non-Independent Director

**Areas of Expertise:**

- Sales and marketing
- Strategy
- Automotive sector (International)

**Current Board and Council Memberships:** Director - Automotive Parts Manufacturer’s Association (APMA), Guelph Chamber of Commerce and Innovation Guelph.

Share ownership/ control		Options (vested)		Options (unvested)		Share grant (vested)		Share grant (unvested) <sup>5</sup>		Total value as of March 11, 2019
#	\$	#	\$	#	\$	#	\$	#	\$	\$
28,610	1,452,816	-	-	-	-	1,753	89,017	857	43,518	1,452,816

<sup>4</sup> The share grants are subject to an escrow agreement, but are technically owned by Ms. Hasenfratz. Therefore, this amount is included in her overall share ownership amount, disclosed in the first column.

<sup>4</sup> All values pertaining to March 11, 2019 are at the share price of \$50.78, which is the closing price of the Common Shares on the TSX on March 11, 2019.

<sup>5</sup> The share grants are subject to an escrow agreement, but are technically owned by Mr. Stoddart. Therefore, this amount is included in his overall share ownership amount, disclosed in the first column.



**William Harrison, 79**  
Puslinch, Ontario, Canada

**Director**

**Linamar Board Details:**

- Director since 1990
- Independent Director

Mr. Harrison attended the University of Guelph and the University of Toronto, receiving degrees in Honours Science and Mechanical Engineering. Bill then joined the Allis Chalmers Corporation working in Canada, the United States and Europe as a General Manager and Vice President. He attended York University's Faculty of Business post graduate studies. Bill then spent 21 years as President and Chief Executive Officer of Kenhar Corporation, a global supplier of components to the Materials Handling and Industrial Mobile Equipment Industry, with operations in North America, Europe, China, Korea and Japan. Bill then took on the responsibilities of Executive Vice President and Director of Cascade Corporation in 1997 and 1998.

From 1999 to 2008 Bill was the Chairman and CEO of Lift Technologies Inc, manufacturers of masts and attachments for the Material Handling and Container Handling Industries, with operations in North America, Italy, Germany and Sweden. Under his leadership Lift Technologies Inc. acquired the assets of Cascade's mast and front-end attachments business used in the lift truck and container handling industries, with design and manufacturing facilities in the Netherlands, England, Sweden, Germany, Italy as well as South Carolina, USA and Guelph, Canada. He led his company to quadruple in size during his ownership.

Currently, Bill involves himself in business activities through his investment company, Rahnek Ltd. His other interests include; fundraising for the Guelph General Hospital, the University of Guelph and Sunrise Equestrian Centre. Some of Bill's extra-curricular activities include maintaining his wine cellar, building a collection of classic cars from Europe and North American, and at 79 he still enjoys playing his trumpet and flugelhorn.

Board meeting attendance: 5/5 (100%)  
Annual General Meeting: 1/1 (100%)  
Special meetings of the Board: None held in 2018  
Board Committee Memberships:  
Audit Committee Attendance: 4/4 (100%)  
Human Resources and Corporate Governance Committee Attendance: 4/4 (100%)  
Director fees: \$ 66,037

**Areas of Expertise:**

- M&A
- Manufacturing
- Industrial/Commercial sector (International)

**Current Board and Council Memberships:** Alpha International Fund and Biomaterials and Discovery and Development Centre, University of Guelph.

**Former Public Board Memberships:** Cascade (1997-1999)

Equity ownership (shares) #	Equity ownership (\$) as of March 11, 2019	Required ownership (\$)
15,157	769,672	120,000



**Dennis Grimm, 67**  
Conestogo, Ontario, Canada

**Director**

**Linamar Board Details:**

- Director since 2014
- Independent Director

Mr. Grimm is a Chartered Accountant and also has his CPA and FCA designations. He attended Waterloo Lutheran University (Wilfred Laurier) and graduated with a Bachelor of Arts degree in History and Political Science. In 1972, he completed an MBA in Accounting and Finance at McMaster University. Mr. Grimm is an active member of the Canadian Institute of Chartered Accountants from 1976- present and the American Institute of Certified Public Accountants from 1995-2012. During his career, he was a partner at KPMG in the firm's audit group for 23 years from 1972 to 1995. He then practiced as an audit partner at PriceWaterhouseCoopers LLP ("PwC") for 15 years starting in 1995. Of note, he was the Managing Partner of PwC Waterloo Region up to his retirement in 2010 and chaired its Governance Committee. Mr. Grimm does not currently supply services to Linamar and has not done so in the past six years

Mr. Grimm was actively involved in the service of his community. He has served as the Vice-Chair of the Economic Development Committee of Canada's Technology Triangle; he was the former Chair of North Waterloo's Housing Authority and Chair of the Ontario Counsel of Chairs; he was a director of Kitchener, Guelph and Windsor Chambers of Commerce and is a founding director of Homewood Foundation. He was also a past Committee Chair for Prosperity 2000 Windsor. Since 2011, Mr. Grimm has been a member of the Canadian Association of Professional Sommeliers and owns and manages a vineyard in Tunuyán, Argentina.

Board meeting attendance: 5/5 (100%)  
Annual General Meeting: 1/1 (100%)  
Special meetings of the Board: None held in 2018  
Board Committee Memberships:  
Audit Committee Attendance: 4/4 (100%)  
Human Resources and Corporate Governance Committee Attendance: 4/4 (100%)  
Director fees: \$64,985

**Areas of Expertise:**

- IFRS/Financial accounting and auditing
- Financial Reporting
- Internal Controls
- Corporate tax
- Business/strategic planning
- International market strategy (notably, South America)

**Current Board and Council Memberships:** Chair of Advisory Committee: Challenger Motor Freight Inc., Chair of Advisory Board The Flanagan Group

**Former Public Board Memberships:** None

Equity ownership (shares) #	Equity ownership (\$) as of March 11, 2019	Required ownership (\$)
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1,740	88,357	120,000
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Mr. Reidel has extensive financial experience. He has been Interim CFO of Princeton Holdings Limited, a financial services company primarily in the Insurance industry, since Sept 2017. He is the retired President and Chief Operating Officer of Kuntz Electroplating Inc., a Kitchener-Waterloo company founded in 1948. Mr. Reidel joined Kuntz in March of 2001 as Vice President- Finance. Prior to joining Kuntz, Mr. Reidel spent 29 years with the accounting firm of Ernst and Young and was Office Managing Partner of their Waterloo Region Office. Mr. Reidel earned his C.A. designation from Queen's University in 1967. Mr. Reidel is also a director on several public boards. Mr. Reidel holds the following designations, FCPA and FCA.. Mr. Reidel is also a director on several public boards.

Board meeting attendance: 5/5 (100%)  
 Annual General Meeting: 1/1 (100%)  
 Special meetings of the Board: None held in 2018  
 Board Committee Memberships:  
 Audit Committee Attendance: 4/4 (100%)  
 Human Resources and Corporate Governance Committee (Chair) Attendance: 4/4 (100%)  
 Director fees: \$73,491

**Terry Reidel, 75**  
 Kitchener, Ontario, Canada

**Director**

**Linamar Board Details:**

- Director since 2003
- Independent Director

**Areas of Expertise:**

- Financial
- Manufacturing
- Automotive sector (US/Canada)
- Large public board experience

**Current Board and Council Memberships:** Director, Guarantee Company of North America – 2010 and Chair, Board of Directors, Cowan Holdings – 2010; Board of Capacity Canada, a not-for-profit organization – May 2011.

**Former Board and Council Memberships:** ComDev International Ltd. Board of Directors (appointed Chair from May 2009 – Chair of Audit Committee and Member of Corporate Governance Committee) and Board of Directors of the Institute of Corporate Directors, South Western Chapter.

Equity ownership (shares) #	Equity ownership (\$) as of March 11, 2019	Required ownership (\$)
4,000	203,120	120,000

## CONTACTING YOUR BOARD

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Members of the Executive and the Board of Directors regularly conduct investor relations events that allow for one to one interactions with shareholders. These events provide an excellent opportunity for issues, concerns and suggestions to be raised with your Board. In the past year members of the Board attended or chaired ten such events and have scheduled a similar number for the next fiscal year. Should you wish to participate in these events, please stay tuned to the Upcoming Events portion of the Linamar Investors website.

In the interest of further expanding shareholder engagements and increasing transparency, the Board has elected to establish a new investors relations e-mail address that will allow shareholders to directly share their comments and questions with their Board. The Board can be contacted at [contactyourboard@linamar.com](mailto:contactyourboard@linamar.com). The Board will endeavor to respond to or act upon comments received through this inbox that they deem material to the business of the Company.

## DIRECTOR COMPENSATION

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The Company reviews general compensation surveys on an annual basis to compare the Corporation's Director Compensation policies and considers generally accepted practices for publicly traded companies. During the last financial year, the annual compensation of Independent Directors was as follows:

Name (a)	Fees earned (\$) (b)	Share-based awards (\$) (c)	Option-based awards (\$) (d)	Non-equity incentive plan compensation (\$) (e)	Pension value (\$) (f)	All other compensation <sup>6</sup> (\$) (g)	Total (\$) (h)
William Harrison	63,360					2,677	66,037
Terry Reidel	72,585					906	73,491
Dennis Grimm	64,985					-	64,985

The Directors who are executives of the Corporation (“**non-Independent Directors**”) receive no remuneration for serving as Directors.

The Corporation does not have a retirement plan for Directors. In their capacity as Directors, there are no other arrangements in the Stock Incentive Plan under which Directors are compensated by the Corporation or any of its subsidiaries during the most recently completed financial year.

The Board adopted a policy requiring “**Independent Directors**” (being directors who are “independent” within the meaning of National Policy 58-201 – *Corporate Governance Guidelines*) and the CEO<sup>7</sup> to invest in and own shares in the Corporation with a value equal to three times the amount of the annual retainer paid to them (or \$120,000 for Independent Directors only). Rather than receiving shares as part of their overall remuneration, Independent Directors invest in the Company using their own personal financial resources (outside of blackout periods). This demonstrates their commitment to Linamar’s future value.

Director	Shares Owned (#)	Required ownership	Value as at March 11, 2019	Requirement met
William Harrison	15,157	120,000	769,672	Yes
Terry Reidel	4,000	120,000	203,120	Yes
Dennis Grimm	1,740	120,000	88,357	No <sup>8</sup>
Linda Hasenfratz	4,044,047	1,928,764	205,356,707	Yes

The Independent Directors’ retainer is commensurate with some other mid-sized capitalization companies.<sup>9</sup> The existing slate of Directors considers itself fairly compensated for a company of Linamar’s size.

## CORPORATE GOVERNANCE

The Human Resources and Corporate Governance Committee of the Board (“**HRCG Committee**”) is responsible for developing and monitoring Linamar’s approach to corporate governance issues. The HRCG Committee continuously reviews the Corporation’s corporate governance practices and creates a detailed action list of recommendations to management.

### Corporate Governance Practices

For a description of the Corporation’s corporate governance practices as compared to the guidelines and requirements set out in National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators, please see the chart set out in Appendix B.

<sup>6</sup> This is the reimbursement of travel and related expenses.

<sup>7</sup> The CEO is required to invest in and own shares in the Corporation with a value equal to three times base salary.

<sup>8</sup> Mr. Grimm has until the end of 2019 to comply with this requirement.

<sup>9</sup> Director compensation for Linamar is within the range of compensation for its comparator group, discussed at page 28.

## **Independent Directors**

Directors of a corporation have a fiduciary obligation to act honestly and in good faith with a view to the best interests of the corporation. Directors who fulfill this fiduciary obligation with utmost competence and diligence will ultimately benefit shareholders.

Linamar's corporate governance philosophy is and generally has been to keep an even balance of Independent Directors and non-Independent Directors to force consensus on issues, rather than subscribe to a model of governance where one class of Directors can impose its view on the other simply because it carries more votes. Therefore, the Company has three (3) Independent Directors and three (3) non-Independent Directors. Its Independent Directors are ably qualified and do not hesitate to engage in lively debates concerning various corporate issues and challenges.

The Board takes several measures to facilitate the exercise of independent judgment. During its Director-Peer Feedback process (discussed below), regular topics for inclusion in Board meeting agendas are considered and discussed fully. Independent Directors are specifically asked whether additional Board meeting agenda items should be included and they ultimately approve the overall agenda for every meeting. The Board holds "*in camera*" sessions without the CEO and subsequently without the Chair (the non-Independent Directors) at each meeting to ensure that there is an opportunity to discuss any concerns amongst the Independent Directors.

Further, the HRCG and Audit Committees of the Board are comprised entirely of Independent Directors and, at every Committee meeting, as well as at every Board meeting, "*in camera*" sessions are held for the Independent Directors. The Board has set out its roles and responsibilities in formal charters as well as adopting a Code of Governance Practices and Charter of Expectations for Directors. These documents are reviewed annually to ensure they reflect best practices in compliance with applicable regulatory requirements.

Therefore, given the entrepreneurial nature of Linamar and its strategic plans, the Board does not believe that the quality of decisions or the implementation thereof would be improved or affected by altering its current composition. The Board feels that its size is appropriate for a corporation of Linamar's size and complexity. This number of Directors permits the Board to operate in a prudent and efficient manner, while being nimble enough to make quick and informed strategic decisions. The key capabilities of each Director derived from this matrix are outlined in the "**Nominees**" section above.

## **Director Qualifications and Continuing Education**

In developing a strategy for Board composition, the HRCG Committee uses a skills matrix (see Appendix C) to evaluate a Director's capabilities and experience around specific targeted competencies. At Linamar, the key focus includes enterprise leadership, functional capabilities, global experience, knowledge of all key industry sectors in which the Company operates and financial acumen.

The Corporation has an orientation and education program in place for new Directors. All new Directors receive an Orientation Manual containing a record of historical public information about the Corporation, as well as the charters of the Board and committee mandates, copies of all Board governance documents and other relevant corporation and business information. The orientation also includes a thorough review of key issues facing the Corporation, a review of corporate strategy and plans, a snapshot of current performance, a familiarization with Board documents and information sources and a tour of the Corporation's various facilities.

A Director-Peer Feedback has been in place for many years. The HRCG Committee, comprised entirely of Independent Directors, surveys all six (6) Directors to provide feedback on the effectiveness of the Board and individual Directors. The Chair of the HRCG Committee compiles the results and the HRCG Committee assesses the operation of the Board and the committees, the adequacy of information given to Directors, communication between the Board and management, the Director-Peer Feedback information results and the strategic direction and processes of the Board and committees. If concerns are raised, the Chair reviews the Peer-Feedback individually with each Director on a confidential basis to encourage the Directors to develop action plans to continue to hone and improve their contribution to the Board. The full Board discusses the Peer-Feedback survey results in order to identify improvements to address any areas requiring attention. The HRCG Committee also assesses the performance of the Chairman of the Board as well as the CEO.

The Chair of the HRCG Committee conducts one-on-one interviews with each Director and qualitatively assesses the Board's effectiveness. This qualitative feedback allows the Board to access better information about its processes.

In addition, each year, outside experts are brought in to various Board meetings for continuing education on topics related to the Corporation and the industries within which it operates. In November 2018, the Board of Directors conducted education sessions focused on the automotive, medical and industrial sectors and outlook for such, as well as bringing in an economic expert who presented valuable information discussing matters of interest to the Company. In addition, the Company had an expert provide a high-tech additive and 3D printing technologies presentation as an education session on products available for the Linamar supply chain. All Directors were present for these education sessions. Monies are also set aside for Directors to attend conferences and seminars, as they deem appropriate to further their knowledge and ability to carry out their responsibilities. The Company also pays for industry publication subscriptions for the Independent Directors to keep abreast of auto sector trends.

<b>Training provided in 2018</b>	<b>Director attendance</b>
Automotive industry outlook education session	100%
Additive and 3D Printing education session	100%
Medical Device and Imaging education session	100%
Economic outlook education session	100%

**Mandate of the Board**

The mission of the Board is to be a strategic asset of the Corporation measured by the contribution the Directors make, both individually and collectively, to the long-term success of the Corporation. The Board of Directors has a dual role to all shareholders of oversight and advisory. As such, the Board of Directors has several policies/guidelines in place to assist in discharging their duties, including the Board of Directors Mandate (attached as Appendix D), a Code of Governance Practices (attached as Appendix E) and a Charter of Expectations (attached as Appendix F).

The Board oversees the business and affairs of the Corporation, establishes or approves overall corporate policies where required and involves itself jointly with management in the creation of shareholder value, the preservation and protection of the Corporation's assets and the establishment of the Corporation's strategic direction. The Board is responsible for the overall stewardship of Linamar. To this end, the Board supervises the management of the business and affairs of Linamar in accordance with applicable laws. The Board's stewardship also includes a regular assessment of the Company's efforts to derive value from ethical business conduct, the promotion of sustainable sourcing and production practices, and further implementation of diverse employment policies. Notably, Linamar's efforts in these areas were recently recognized by Scotiabank Capital in their first annual Environmental, Social and Governance ("ESG") rankings, where Linamar was ranked #12 out of all S&P/TSX Composite listed entities in terms of material disclosures and practices related to ESG practices.<sup>10</sup> For these purposes, the Board holds regularly scheduled meetings on a fiscal quarterly basis, with additional meetings held as required. Separate annual strategic planning and business-plan review meetings provide the Board the opportunity for a detailed discussion of strategy with management. In addition, there is continued communication between senior management and Board members on an informal basis and through Committee meetings.

**Director term limits**

The Company imposes term limits on its Directors, noted below. During its founding years, Linamar was a private, family-run and family-owned business. It was tightly run and managed by a key group of individuals that were great contributors to its overall success, prior to it becoming a publicly-traded corporation. This management and governance model has worked for Linamar in the past and continues to produce record-setting performance results. The Company does not see a need at this time, and with its current size, to limit director terms, which might create some instability in transition, for what is currently a very well-managed company. It is felt that to do so would be a disservice to the Company's shareholders and would add no value at this time. The Board's size and composition will be assessed as the Company continues to grow and become more diversified with a greater international footprint and it becomes an obvious strategic imperative to undertake changes.

<sup>10</sup> "The Rise of ESG in Investment Research" November 2018, Scotiabank Capital

### **Term of Office**

In accordance with the Code of Governance Practices, Directors are nominated for election on an annual basis for a one-year term of office. The Board has established an ultimate term limit, which coincides with a retirement date for Directors: the date of the Annual Meeting of the Corporation following the Director's 70th birthday. Note that this age threshold was set many years ago, prior to changes in employment legislation striking all mandatory retirement provisions. Nomination for election or re-election is determined in consultation with the Chairman of the Board and the HRCG Committee, and based on the expected contribution of each Director to Board effectiveness.

In today's society, men and women continue to make meaningful, active contributions to thriving businesses and society generally, well into their 70s and 80s. Each individual Director's role, contribution and participation are evaluated in consultation with the Chairman, Chief Executive Officer and HRCG Committee annually. If it is determined that a Director continues to provide clear, informed and strategic guidance to the Company and s/he is willing to continue serving, then s/he will be nominated for election as a Director at the Annual General Meeting, despite their being over 70 years of age.

Directors whose principal employment changes materially from that which they held when elected to the Board (including retirement from their principal employment), must tender a written offer to resign to the Chairman of the Board, who in consultation with the HRCG Committee will make a recommendation for acceptance or rejection by the Board. The Board is not of the view that Directors in such circumstances must always leave the Board, however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances.

### **Succession Planning and Nomination of Directors**

A key responsibility of the Board lies in succession planning, particularly for the CEO position and for other key senior executive roles. To fulfill this responsibility the Board reviews succession candidates in depth on an annual basis both in the HRCG Committee and in a full Board meeting as well. Identified candidates are reviewed for strengths, career history and experience and required areas of development as well as timeframes around which they would be deemed ready to take the next step in their careers and key development goals and plans in place to allow them to reach that target.

Succession candidates attend Board meetings or Board social functions at various points during the year to allow the Board members to observe candidates "in action" making presentations and interacting with Board members to better inform them as to the candidate's potential consideration for the various positions. This process has proven to be an effective way to identify and educate the Board about the Company's senior executives and their potential and allow them to develop a clear strategy specifically with respect to CEO succession. The Board is aware of the Company's broader succession planning process designed to identify and develop individuals throughout the organization for succession into critical positions. The Company has approximately 125 critical positions identified at this time and of the 173 candidates in the pool for succession, approximately 160 individuals are in line as formal succession candidates for those critical positions..

The HRCG Committee is also responsible for assisting the Board in identifying qualified individuals who would be suitable nominees for election to the Board. To accomplish this duty, the HRCG Committee and the full Board:

- (i) assess the composition and size of the Board and, in doing so, review the breadth and diversity of experience of the Directors by having created and updated, on a yearly basis, a competency matrix that sets out the current areas of expertise of the Board;
- (ii) identify the challenges facing the Corporation; and
- (iii) approach competent nominees.

Prior to agreeing to join the Board, new Directors have a clear indication of the workload and time commitment required. The HRCG Committee is composed exclusively of Independent Directors who are independent and acts as the nominating committee when Board positions are vacant.

### **Ethical Business Conduct**

The Board is committed to the highest legal and ethical standards in fulfilling its responsibilities. In addition to the Code of Governance Practices, the Board has adopted (and annually reviews and approves) an Employee Code of Conduct that applies

to all Linamar employees world-wide. These Codes provide a foundation for compliance and apply to every business decision in every area of the company. The Board recognizes that Linamar's success is based on creating innovative, high-quality products and services and demonstrating integrity in every business interaction.

In order to make these Codes effective, the Board has approved appropriate expenditures on anonymous reporting hotlines that allow potential whistleblowers to identify ethical, safety or human rights concerns, has invested in annual integrity and anti-corruption training conducted by both in-house and external legal counsel, and provides ultimate oversight for gifts and hospitality expenditures above an established threshold.

Linamar also ensures its ethical practices and integrity are mirrored with its outside partners by passing Code of Conduct and anti-corruption requirements through to its suppliers and by conducting regular due diligence to ensure partners do not appear on any global sanctions or denied parties lists.

### **Sustainability**

Linamar strives to conduct business in a way that is respectful and beneficial to the communities in which it operates. To that end, the HRGC Committee regularly reviews the Company's existing programs to ensure that they minimize or prevent the effects of Linamar's operations on the environment, and monitors their effectiveness.

It also reviews the measures implemented, and the key resources committed to developing a positive relationship with the individuals and communities impacted by Linamar's operations. These fundamental principles are embodied in the Code of Conduct which affirms among other things:

- A Basic Code on Working Conditions
- Standards for hiring youth workers and ensuring there is no child labour in Linamar's supply chain
- An employee right to refuse unsafe work
- A prohibition on discrimination and harassment
- And a right of freedom of association

Potential suppliers to Linamar are scored on all of these metrics when under consideration and are asked to subscribe to similar standards as a part of Linamar's standard contractual terms.

The Company recognizes the importance of environmental sustainability to its supply chain and to the communities in which it operate and serve. With that in mind, 100% of the energy required to operate our Corporate headquarters is now supplied by renewable sources. Likewise, we have implemented a formal Conflict Minerals Policy this year which addresses the high social, environmental and human rights standards we expect from ourselves and our suppliers when employing certain metal and mineral products in the production cycle. The policy commits Linamar to the identification of products that might be impacted by conflict mineral sourcing and targets the company's efforts accordingly. Linamar refuses to knowingly buy products and materials containing Conflict Minerals directly from Conflict Mines and is actively auditing and working with suppliers to ensure minerals contained in the products and materials received originate from Conflict Free sources. Further key metrics relating to Linamar's progress in environmental sustainability are contained in the 2019 Annual Information Form/Annual Report on Form 40-F, which is filed in conjunction with this Circular.

### **Diversity**

Linamar has long understood that unique perspectives are key to success in the marketplace and being on the cutting edge of technological innovation. The Company is therefore thoroughly committed to diversity and inclusion in its employee base and actively seeks to employ individuals with different backgrounds, education, gender, race, ethnicity, sexual orientation, veteran status, religious background, age, physical ability and cultural experience. Consequently, Linamar is among the most diverse manufacturing employers in Canada, from management to the plant floor. This is reflected in the fact that more than 25 languages are spoken as the primary language of our employees globally.

Linamar is focused on expanding the diverse pool of talent it attracts globally. This includes building key relationships and strong strategic partners with organizations that include:

- Second Chance
- Canadian Immigration Centre
- Salvation Army
- Ontario Works
- YMCA
- Newcomer Centre of Peel Region
- Anishnabeg Outreach

Additionally, Linamar has partnerships at 10 universities and colleges, including Wilfred Laurier University, the University of Guelph, the University of Waterloo, Western University and Conestoga College.

In furtherance of these goals Linamar has implemented a new Global Supplier Diversity Policy this year which formalizes the practice of purchasing goods and services from diverse businesses that are able to demonstrate the ability to provide a competitive value solution.

In January 2019 the company kicked off a broad based diversity initiative in an attempt to further our goal of creating a leadership team that reflects our entire community and maximizes access to 100% of the talent pool. This comprehensive program will include actions in a variety of areas and include specific measurables to track performance. The program will be fully developed in early 2019 and launched by mid year.

Linamar's Diversity initiatives are already broad based, including work with youth to interest more girls and young women into trades and technology careers both at the junior high and high school level, a very active program to recruit women into trades each year which has resulted in nearly 50 female apprentices in just our Canadian facilities and a scholarship program for women studying in the dual degree engineering and business program at Western University. The scholarship program includes tuition support but also summer internship positions and a job offer on graduation thereby not only encouraging and facilitating more women into these careers but also ensuring Linamar increases its own pool of female engineers.

In addition to the personal contributions of Board members and members of the Executive, Linamar has donated significant funds and time to diversity oriented organizations and initiatives. One such project is the Company's chief sponsorship and founding of an initiative to attract young women into the science, technology, engineering and mathematics fields of study ("STEM"). The project is centered around a role model concept in which a website and calendar feature successful, motivational women in a variety of STEM careers. The initiative, entitled See It, Be It, STEM It, profiles female leaders in STEM who can inspire the next generation of innovators and entrepreneurs. The work of this wonderful initiative can be viewed here: <https://www.seeitbeitstemit.com/get-inspired/>.

## **Representation of women on boards**

On December 31, 2014, certain amendments to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* came into force in various Canadian jurisdictions, including Ontario. Therefore, the continuous disclosure documents of reporting issuers must provide information annually on the following:

- The term limits and other mechanisms of renewal of the board of directors;
- Written policies on the representation of women of the board of directors;
- How the board or nominating committee considers the representation of women on the board in identifying and nominating candidates for selection and election to the board;
- Whether the issuer considers the level of representation of women in executive officer positions when making executive officer appointments;
- Targets regarding the representation of women on the issuer's board and in executive officer positions; and
- With respect to the issuer and its major subsidiaries, the number and percentage of directors and executive officers who are women.

## **Policies regarding the representation of women on the Board**

Linamar currently has a very stable board of six Directors. Of the six members of the Board, one is female, who is also the Chief Executive Officer and one of two large minority shareholders of the Company. The Company has a written policy approved by the Board: its stated objective is to see a proportionate representation of women at all levels of management at Linamar, including its Board. More specifically, its goal is to attain a comparative level of female representation at each level of management commensurate with the overall representation of women in the Company's overall workforce. The Company is currently in compliance with this policy including at the Board level.

Linamar's policy made it eligible to become a founding member of the Catalyst Accord, which sets objectives and requirements for the representation of women on boards in Canada. One of the key Catalyst objectives is to increase its members' current percentage of women on its boards. This strategic collaboration with Catalyst has the objective of expanding opportunities for women on boards and in executive positions in business, which Linamar wholeheartedly supports. Ms. Hasenfratz, the Chief Executive Officer, is a member of Catalyst's Board.

## **Consideration of representation of women in director identification and selection process**

Historically, the automotive industry has been very male-dominated and this is still largely true. Despite this, Linamar is very committed to women in the trades and has been actively involved with local schools in initiatives working in conjunction with its local university to encourage high school girls to enter into the engineering, science and technology professions. Although it takes time to effect change with respect to gender representation overall in the industry, and therefore, in more senior positions in the automotive industry, great progress is being seen overall with percentages of women in both skilled trades and engineering, science and technology programs dramatically higher than what it was a decade ago and momentum continues to build. When a director or executive candidacy opens up, the Nominating Committee of the Board evaluates the most qualified candidates for nomination and election, regardless of gender. The Company actively encourages inclusion of a diverse variety of qualified candidates in this process, which of course includes women.

This commitment is further exemplified by the announcement in 2017 of a \$5 Million scholarship at Western University, funded by Linamar and the Hasenfratz family. This fund will provide 10 scholarships per year to women enrolled in the combined engineering and business dual degree program. Recipients will also receive work terms and a job offer upon graduation. The Company looks forward to seeing the broad impact of encouraging more women in STEM careers of this program and more specifically, seeing more female engineers at Linamar as a result.

## **Consideration of representation of women in executive officer appointments**

As mentioned, Linamar is actively involved in many projects encouraging women to enter the trades in the automotive industry. The Company's CEO, Linda Hasenfratz, is deeply committed to encouraging women to enter increasingly senior positions and has worked extensively with the Vice President Global Human Resources (also a woman) to encourage women to be properly groomed and considered for promotions within the Company. There are currently 26 women under evaluation and training to step up into critical positions within Linamar as positions become available. The representation of women at each level of management in Linamar is representative of the overall percentage of women in the Company.

## **Targets regarding representation of women on the Board and in executive positions**

As noted above, Linamar has established a target of proportionate representation of women on its Board and in executive positions, commensurate with the number of women in its overall workforce demographics. In 2018, women comprised 21.4% of Linamar's overall workforce in Canada. Globally, 19.6% of Linamar's workforce is women. Currently, women account for approximately 20% of the senior management positions at Linamar, which is commensurate with its overall workforce. Catalyst

reports that women’s participation in motor vehicle manufacturing is 17.7%<sup>11</sup>. Linamar’s current participation of women in its senior ranks exceeds that average.

Despite exceeding the average, Linamar aims to increase the number of women in senior positions to 25% and to have at least one additional woman on its Board by 2025.

**Number of women on Board and in Executive Officer positions**

The current level of representation of women on Linamar’s Board is at 17% (or one of six Directors). The current representation of women in executive officer positions in Linamar<sup>12</sup> is 20%. Further, throughout the Company and its major subsidiaries there are 12 women in senior positions of director and above and 2 women on the senior operations team called the “AIM” team (in addition, there are 6 women in “back-up” positions if primary members of the AIM team are not available for meetings).

**Board Committees**

The Board has established two standing committees, the Audit Committee and the Human Resources and Corporate Governance Committee, and has prescribed the responsibilities and mandates of both committees. From time to time, the Board has established special committees composed entirely of Independent Directors to review and make recommendations on specific business matters. Each such committee operates pursuant to written guidelines or the mandate set out in their respective authorizing resolutions. The Corporation does not have an executive committee.

**Audit Committee**

The Audit Committee operates under the Audit Committee Mandate, the text of which is attached as Appendix G to this Circular.

<p><b>MANDATE</b> Additional information regarding the Audit Committee is set out in the section entitled "Audit Committee" in the Corporation's Annual Information Form, dated March 25, 2019 filed on SEDAR (<a href="http://www.sedar.com">www.sedar.com</a>).</p>	<p>The Audit Committee has general authority in relation to the Corporation's financial affairs as well as the specific responsibility to: review all fees paid to the auditors; review the Corporation's quarterly and annual financial statements (including management's discussion and analysis of financial condition and results of operations) and report thereon to the Board; and make recommendations to the Board as to the annual appointment or re-appointment of the auditors for the Corporation. The Audit Committee also has certain additional responsibilities relating to internal and external audits, oversight of management reporting on internal controls and procedures, the application of significant accounting principles, financial reporting and integrity, relations with the Auditors and other matters. To assist in fulfilling its responsibilities, the Audit Committee has the authority to retain external legal counsel and other advisors. Effective March 5, 2003, the Board adopted an Audit Committee Mandate. The Board agreed to adopt the Audit Committee Mandate, recommended by the Audit Committee, to enhance the Corporation's existing corporate governance structures and practices.</p> <p>The Audit Committee oversees:</p> <ul style="list-style-type: none"> <li>(i) the review of procedures (financial reporting/process);</li> <li>(ii) external auditors;</li> <li>(iii) internal audit department and compliance; and</li> <li>(iv) other responsibilities (such as succession planning for key accounting personnel).</li> </ul>
<p><b>2018 KEY MILESTONES</b></p>	<ul style="list-style-type: none"> <li>• Monitoring the succession planning within the finance function;</li> <li>• Performing an internal control effectiveness review and monitoring controls;</li> <li>• Supporting debt reduction initiatives after the acquisition of MacDon;</li> <li>• Integrating the financial functions of MacDon into Linamar</li> </ul>
<p><b>MEMBERSHIP</b></p>	<p>During fiscal 2018, the Audit Committee was comprised of three Directors: Messrs. Grimm (Chairman), Reidel and Harrison.</p>
<p><b>100% INDEPENDENT</b></p>	<p>All member Directors of the Audit Committee are “independent” Directors within the meaning of National Instrument 52-110 - <i>Audit Committees</i>.</p>

<sup>11</sup> Statistics Canada, "Industry – North American Industry Classification System (NAICS) 2007 (425), Class of Worker (5), Age Groups (13B) and Sex (3) for the Employed Labour Force Aged 15 and Over, in Private Households of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations: Statistics Canada Catalogue no 99-012-X2011034, 2011 National Household Survey: Data Tables (2016).

<sup>12</sup> Linamar has many different subsidiaries and Ms. Hasenfratz is a director on the boards of each of those subsidiaries. Therefore, the representation of women for most of the Linamar subsidiaries is 33%.

### Human Resources and Corporate Governance Committee

The HRCG Committee operates under the HRCG Committee Mandate, the text of which is attached as Appendix H to this Circular.

<b>MANDATE</b>	<p>The HRCG Committee ensures that the Corporation employs solid Corporate Governance practices, compensates its employees fairly and creates a healthy working environment for the Corporation's employees, including overseeing development and succession for key roles and ensuring that critical health, safety and environmental policies in place are adhered to.</p> <p>The HRCG Committee also reviews and approves the disclosure relating to the compensation of Directors and officers of the Corporation contained in this Circular (or other documents prior to their distribution to Linamar's shareholders), prepares the Report on Executive Compensation contained herein, administers the Linamar Stock Option Plan and performs such other functions as requested or delegated by the Board. In addition, the Committee also assists the Board by reviewing the effectiveness with which the Corporation meets its obligations pertaining to the policies and legal requirements of human resources and corporate governance; environmental; health and safety; and capital accumulation plans.</p> <p>The HRCG Committee oversees:</p> <ul style="list-style-type: none"> <li>(i) corporate governance;</li> <li>(ii) executive and employee compensation;</li> <li>(iii) environmental, health &amp; safety;</li> <li>(iv) succession planning and organizational change; and</li> <li>(v) capital accumulation plans governance.</li> </ul> <p>The HRCG Committee met four times in 2018 to review and make recommendations to the Board with respect to various matters. Once per year, the Committee meets to all direct and indirect compensation, benefits and perquisites (cash and non-cash) for the Chairman of the Board and the Chief Executive Officer.</p>
<b>2018 KEY MILESTONES</b>	<ul style="list-style-type: none"> <li>• Oversight of executive compensation (see Chair's letter to shareholders);</li> <li>• Continuing educational updates on governance matters and emerging governance trends globally;</li> <li>• Oversight of Capital Accumulation Plans Committee, who oversees the Corporation's pension plans, with a view to monitoring its administration and continually improving its overall investment performance for its members;</li> <li>• Oversight of the integration of the MacDon group of companies post-acquisition; and</li> <li>• Continued oversight of the Occupational Health &amp; Safety program in monitoring its objective of maintaining above-average industry standards in H&amp;S measurements.</li> </ul>
<b>MEMBERSHIP</b>	<p>During fiscal 2018, the HRCG Committee was comprised of three Directors: Messrs. Reidel (Chairman), Harrison and Grimm.</p>
<b>100% INDEPENDENT</b>	<p>All member Directors of the HRCG Committee are "independent" Directors within the meaning of National Policy 58-101 – <i>Disclosure of Corporate Governance Practices</i>.</p>

### Meetings Independent from Management

Directors hold "*in camera*" sessions, in the absence of non-Independent Directors or senior executives of the Corporation, at every regularly scheduled Board and committee meeting. For fiscal 2018, the Board held five regularly scheduled meetings, each having an agenda, which specifically provided for an "*in camera*" session.

The two committees of the Board are composed entirely of Independent Directors and, as with the Board meetings, each Committee meeting has an agenda, which specifically provides for an "*in camera*" session for the Independent Directors without management present. In fiscal 2018, four such Audit Committee meetings and four such HRCG Committee meetings were held.

## COMPENSATION DISCUSSION AND ANALYSIS

### Letter from Chair of HRCG Committee

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Fellow Shareholder:

As Chair of the HRCG Committee (“Committee”) and a shareholder, it is my pleasure to present the Compensation Discussion and Analysis for Linamar for 2018. This discussion includes insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and will assist in understanding how decisions are made by the Committee about executive compensation.

Linamar enjoyed a record year in 2018 in line with the Company’s goal of being the company of choice for all stakeholders yielding \$ 7.6 billion in sales and double-digit operating earning margins, fuelling double-digit annual growth in both sales and earnings.

Linamar’s core purpose is to do what we do best better, to the benefit of all stakeholders. This can only be accomplished by being able to attract, retain and motivate the best people at all levels of the organization. The objective of Linamar’s compensation program is to continue to do just that.

#### **Compensation Principles Align Pay to Performance**

The compensation program rewards an individual’s alignment with the advancement of the Corporation’s goals, core purpose, core values and leadership behaviours. The Corporation believes that by aligning these things, the Corporation will continue to grow, enhance shareholder value through increased earnings and higher stock price, and make Linamar the company of choice for employees, customers and shareholders.

Some key principles of Linamar’s compensation philosophy include that compensation should be:

- a) Fair and commensurate with comparator organizations;
- b) Merit-based and performance linked;
- c) Reflect increasing levels of variable (performance based) vs. fixed compensation at increasing levels of responsibility;
- d) Create pay linkages to increasingly broad levels of company performance at increasing levels of responsibility;
- e) Target compensation at median of the market for the average of a comparator group; and
- f) Build flexibility in compensation programs and bonus plans to exceed top quartile compensation for outstanding performance (subject to appropriate approvals).

Overall compensation to the Chairman, CEO and other Named Executive Officers (“NEO” as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) is achieved by the following mix which, in the view of the Board through the Committee, best achieves the objectives discussed at the outset of this analysis:

- a) a relatively low base salary as compared to salaries paid by manufacturers of similar size;
- b) higher annual incentive bonuses based on actual performance driven off of specific metrics or against specific quantitative targets; and
- c) stock options or share grants as appropriate based on overall performance levels to specific objectives.

In general, the amount of variable (or performance-based) compensation versus fixed-pay increases at higher levels of seniority in the Company. High levels of performance-based pay ensure compensation alignment with both personal performance objectives and overall corporate results.

#### **CEO Compensation in Line with Performance**

Objective criteria guide CEO compensation. The Company has established various incentive programs, which are exclusively formula based, and systematically calculate annual cash bonuses for the CEO and all other senior executives. The Committee sets the percentages, with periodic re-assessments through general comparison to industry and comparator company standards, and those percentages apply directly to Company results. Therefore, there is no room for discretion on those bonuses. There are deferred-incentive awards such as stock options or share grants that vest over time after an initial 12-

month period and are awarded at the discretion of the HRCG Committee, based on the NEO's overall performance levels to stated goals and objectives.

In 2018, sales were up 16.4%, operating earnings up 15.8% and net earnings up 7.7% relative to 2017. After careful review and analysis of stated performance objectives in 2018, the Committee calculated an overall success rate of 92.4% of implemented objectives and a rate of 83.7% inclusive of quantitative goals. The CEO's behavioural assessment scored at 97.5% therefore, the CEO's overall performance from the Company's STAR<sup>13</sup> evaluation system was 90.6%, an exceptional result. CEO compensation decreased by approximately 6.3% in 2018 in view of a reduced award of share grants during the fiscal year.

The Company's objectives are structured around three key areas or "legs" (as in the Stepping Stool Program, discussed further in this Circular): 1) Customer; 2) Employee and 3) Financial. Key CEO objectives in 2018, supporting the Company objectives, included:<sup>14</sup>

## **CUSTOMER**

### Champion Innovation Across Organization

1. Successful establishment of I-Hub team, process and facility.
2. Implement AI/ML in all aspects of the business.
3. Build relationships globally to surface technology opportunities.

### Growth:

1. Ensure successful launches.
2. Meet new business win target for 2018.
3. Focus on growth in Asia.
4. Focus on the Linamar Brand.

### Advance Diversification Agenda:

1. Champion development of additional markets for future expansion.
2. Spend time researching and building relationships in new markets.

### Ensure Successful MacDon Integration & Strategy in Place

1. Ensure solid leadership team in place for future.
2. Ensure solid product plan in place for future.
3. Develop strategy to grow business globally.

## **EMPLOYEE**

1. Champion creation of the full bench plan – all requirements identified and specific individuals identified with development plans to fill needs.
2. Champion role and responsibility work to drive better accountability, focus company on success on a global basis and drive a global mindset.

## **FINANCIAL**

1. Implement an intranet resource of best practices: "online wisdom of Linamar" (OWL) and Linamar Manufacturing Monitoring System (LMMS) globally.
2. Meet 2018 budget.
3. Reduce Costs 2%.
4. Become involved in executive level cost savings programs.

## **PERSONAL**

1. Champion external initiatives around key areas such as advancement of women in the workforce and innovation.

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<sup>13</sup> "STAR": Setting Targets Achieving Results.

<sup>14</sup> Overall Weighting for CEO 2018 Objectives: Customer (40%); Employee (25%); and Financial (35%)

The Committee was satisfied with the CEO's overall performance in these three key areas as well as other more specific quantitative objectives.

### **Key CEO Objectives for 2019 include**

#### **CUSTOMER**

##### Innovation:

1. Identify additional technology partnerships
2. Launch the new iHub
3. Champion development of AI strategies

##### Growth:

1. Meet New Business Wins Target for 2019
2. Grow market share at Skyjack, particularly in booms, telehandlers and in the Asian market
3. Refine MacDon growth strategy
4. Implement "Propulsion of the Future" strategy
5. Expand portfolio of products for alternative propulsion vehicles

##### Focus on Long Term Planning:

1. Execute on strategies developed for Age and Water markets

#### **EMPLOYEE**

##### Focus on Global Bench:

1. Global rollout of the iStart new recruit onboarding program
2. Focus on recruiting and retaining young talent & top talent
3. Refresh leadership training for all managers
4. Champion the establishment of a Diversity Strategy at Linamar to further improve diversity of our employee population and leadership

##### Focus on Effective Global Systems:

1. Champion implementation of global human resources information system
2. Build momentum in existing effective systems such as the Stepping Stool Program, LMMS and OWL

#### **FINANCIAL**

1. Champion the rollout of our updated global operating system
2. Focus on reducing net debt
3. Meet 2019 Budget
4. Engage personally in cost reduction initiatives

Though discussed in more detail in the Compensation Discussion & Analysis, in summary the CEO pay is comprised of:

- a) **Base Rate** – Set based on comparative industry data of both like-sized companies in Canada and comparator companies in like industries in North America.
- b) **Annual Cash Bonus:**
  - Landing Bonus – Potential 25% of base rate based on the achievement of quantifiable targets relating to the attainment of a certain threshold of new business, the completion of a "full bench" human resources plan, the implementation of a

BIP sharing system, the further roll-out of Industry 4.0 globally connected machine systems and the achievement of a 5% increase of the Stepping Stool score.

- I. In the 2018 fiscal year the registered goals were not fully met. Four out of the five targets to attain the Landing Bonus were achieved and the fifth target was 80% achieved. However, in light of substantial achievement of the set goals, management provided a discretionary bonus payment of 15% of the base rate for a payment of \$97,403 .
  - Stepping Stool Bonus – Potential 15% of base rate based on achievement of a series of quantitative goals reflecting Customer, Employee and Shareholder satisfaction (Stepping Stool objectives) such as Quality Performance, Absenteeism or Profitability.
    - I. Overall achievement of 9% based on performance on the specific goals resulting in stepping stool bonus payment of \$51,946.
  - Profit Bonus – 1.5% of Earnings before tax (EBT)<sup>15</sup> (note: the Company does not adjust profit for unusual items prior to calculating the CEO or any other executive bonuses).
    - I. EBT(as at December 31, 2017) of \$759.6 million resulting in profit bonus payment of \$10,930,737.
- c) Deferred Incentive Awards** – These awards are periodic (share options or share grants, vesting over time) and reflect exceptional performance measured against Company strategy and goals and personal performance. All awarded share options or grants vest over a period of time; options vest over a 10-year period (10% per year) and share grants vest over a five-year period (20% per year).

In setting these awards the HRCG Committee considers performance compared to stated personal objectives (set with the Board on an annual basis), the level of sustained performance aligned to long-term Company objectives and actual results from the Company's STAR employee evaluation system. High levels of performance result in an opportunity for deferred incentive rewards determined in proportion to the level of performance. It is important to note that option or share-based awards must be based on established performance targets for any given year and are not in any way discretionary. In 2018, Ms. Hasenfratz received 50,000 share-based awards valued at \$2,265,000 (as at December 31, 2018) for meeting key performance targets: all of the bonus targets noted above and outperforming budgeted financial targets set for both sales and earnings growth in 2018.

Ultimate responsibility for executive compensation at Linamar rests with the entire Board of Directors, but it receives significant support and recommendations from the HRCG Committee, made up entirely of Independent Directors. Outlined in the following pages is the Corporation's compensation philosophy, a breakdown and explanation of each component of executive compensation for the five NEOs and a summary compensation table.

On behalf of the Committee and the full Board of Directors, thank you for your continued support of Linamar.

Sincerely,



Terry Reidel  
Chair, HRCG Committee

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<sup>15</sup> EBT is calculated based on the net earnings of the consolidated company before deduction of taxes made during such period in accordance with GAAP.

## STATEMENT OF EXECUTIVE COMPENSATION

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### Compensation Governance

#### *The role of risk oversight*

The HRCG Committee (“**Committee**”) is responsible for setting executive compensation levels.

The Senior Executive Group (“**SEG**”) perform a risk-based evaluation for the Company each year and all of these risks are factored into the strategic planning process and form part of the SEG’s and management’s personal objectives on which executive compensation is partially based. SEG understands that if risks are not adequately managed, then personal objectives and commensurate compensation will be negatively impacted.

The process of setting CEO objectives each year includes an adequate and proportionate assessment of key risks. Performance to these set objectives establishes the CEO’s base rate and discretionary long-term equity based compensation annually.

It is important to state that the largest part of executive compensation relates to bottom-line profit performance. The ineffective management of risk impacts profit performance directly. Therefore, taking undue risk will certainly be an impact on profitability, thereby affecting executive compensation.

Further, a portion of executive compensation is deferred compensation, specifically stock options or share grants, which vest over time after an initial 12-month waiting period. Inattention to risk affects future performance, ultimately affecting these compensation elements negatively based on future earnings/risk and therefore share performance. The effective management of risk factors comprehensively into Linamar’s compensation formula and so, managing risk forms an integral part of what motivates an executive’s overall performance.

Finally, it is important to state that Linamar’s executive officers count among them one controlling shareholder and one other shareholder with substantial equity positions in the Company that form a substantial part of their personal wealth. Therefore, by nature, the management of the Company is risk-averse and moves very prudently with any decision that might affect share price.

### Responsibilities of the Committee

With respect to matters of compensation of the Chair and the CEO, the Committee:

- a) Reviews and approves periodically, but no less frequently than annually, the Company’s goals and objectives relevant to compensation of the Chair and the CEO, including the balance between short-term compensation and long-term incentives;
- b) Establishes specific performance objectives for the CEO;
- c) Evaluates the performance of the Executive Chair of the Board and the CEO in light of those goals and objectives; and
- d) Determines and approves the compensation level of the Chair and the CEO based on such evaluations, which include actual quantitative performance on key metrics.

In determining compensation, the Committee considers, among other factors it deems appropriate from time to time, the Company’s performance and operating criteria during such periods as the Committee may deem appropriate, the value of similar compensation levels to persons holding comparable positions at comparable companies and the compensation levels given to the CEO in prior years. The Chair shall be responsible for communicating to the CEO the evaluation of the performance and the level of compensation approved for the CEO.

In addition, as part of the regular Board quarterly agenda, the Board assesses the Company's performance against industry peers in automotive and industrial markets. This benchmark report is a good indicator of overall Company performance across a wide variety of factors: overall financial performance, sales, earnings and balance sheet management, as well as productivity and growth measures. This provides a sound context for the Board to assess management's overall performance. Companies included in this benchmark are as follows: Agco, American Axle, Borg/Warner, CNH, Dana Holding, Deere, Eaton, Georg Fischer, Haulotte, Magna, Manitou, Martinrea, Meritor, Nemak, Oshkosh, and Terex.

The Committee is also responsible for the following:

- a) Review, approve, and recommend to the Board the adoption of a compensation strategy for the Company.
- b) Annually review, approve and recommend to the Board, the Report on Executive Compensation for inclusion in the management proxy circular for the annual general meeting of Shareholders.
- c) Review, approve, and recommend to the Board any stock option issue proposed by management.
- d) Administer the Stock Incentive Plan.

### **Qualifications of Committee**

The Committee's members are the three Independent Directors of the Board.

As Chair of the Committee with direct oversight of executive compensation for over nine years at Linamar, Mr. Reidel's additional experience is as follows:

- 1) Managed a professional services organization with 150 professionals; in that capacity, assisted with the design and implementation of a variable compensation package and ensured that it operated effectively.
- 2) Led an automotive parts supplier with 1,000 employees of varying skills and experience; coordinated the establishment of a comprehensive remuneration and performance evaluation process.
- 3) Acted as a member of many Boards and Human Resources and Compensation committees, with complex and varied compensation packages and processes in academia, the military, commercial and civil space industry, automotive and insurance industries.

Mr. Harrison has overseen executive compensation at Linamar for over 20 years, both as a director and as a member of the Committee. His additional outside experience includes:

- 1) Ensured the competitive compensation of senior executives with proper incentives through various bonus structures as President and CEO, major shareholder and director of Kenhar Inc.
- 2) Set salaries and bonus payout schemes for senior engineering personnel, as well as operations and accounting executives in Canada during a long career in the industrial sector.
- 3) Oversaw the administration of long-term retention objectives and ensured that senior executives participated in a share-purchase plan thus becoming owners of the company (Lift Technologies).

Mr. Grimm, as Managing Partner of several professional service offices during his career, had oversight and implementation of compensation including variable compensation for both partners and staff:

- 1) Oversaw a national accounting and advisory firm determining the compensation and unit awards for the partners on a national basis as a member of the Partnership Board. This included the review and approval of the design and periodic modification of the various compensation arrangements.
- 2) Oversaw and approved compensation arrangements for Executive Directors and those holding similar positions in the organizations in which he served as a Director.

### **Overall Compensation Philosophy**

Linamar believes in balancing employee and customer needs with financial results. Therefore, its compensation philosophy seeks to provide a fair and equitable compensation within the framework of a competitive structure making sense to its shareholders and customers.

Fundamental to the success of any organization is its human capital. Key elements of the Company's compensation strategy are as follows: ensure fairness by linking merit bonus programs to individual performance; increase levels of variable (performance-based) compensation with increasing levels of responsibility and link compensation to overall corporate performance; target its overall compensation to be at the median of an average group of companies in the market; and endeavours to build flexibility to reward outstanding performance with commensurate top-quartile compensation.

Elements of the Company's compensation program for senior executives this year include:

- a) Base salary
- b) Cash-based annual incentive plans
  - Stepping Stool Bonus
  - Landing Bonus
  - Profit Bonus
  - Performance-based Discretionary Bonus (Non-Operational Executives only)
- c) Deferred Incentive Awards
  - Performance-based Discretionary Bonus (Share Options or Share Grants)

Fair compensation means compensation in line with like-sized and like-focused companies for achieving targeted goals and performance. The Company prepares comparisons for executives based on broad industry surveys of like-sized companies as well as assessing specific compensation for publically traded companies in Canada with similar capitalization and focused in similar industries in Canada and the US. When setting executive compensation at Linamar, the Company sets pay levels based on comparisons of total cash compensation and total direct compensation as well as levels of fixed pay versus performance-based pay, performance pay programs to incent executives of these companies and broader industry trends.

According to the Company's compensation philosophy, the Company itself must perform and grow regardless of industry conditions in order for bonuses to be paid. For instance, the Profit Bonus is payable only in direct proportion to profit generated regardless of its relativity to its peers. If profit declines at a lower rate than profit declines in the peer group that is not considered a satisfactory achievement to pay out bonuses to the Company's executives. A satisfactory achievement would be profit growth, not decline. According to Linamar's compensation philosophy, lower profit should result in less compensation, even if that would result in a lower compensation package than its peer group. The Board believes in building a company that strategizes for and achieves consistent sustainable growth, regardless of industry conditions, and has reasonably built its reward system accordingly.

That said, overall compensation is expected to be commensurate with peers meaning comparison to a peer group is an important step in setting compensation components. Linamar is somewhat unique in Canada, for its size in automotive parts manufacturing and the fact that it is publicly traded. Its closest likeness in the Canadian market would likely be Magna Corporation, which is five times its size in terms of revenue. Therefore, the Committee had to develop a broader comparator group amongst Canadian (and some US) publicly traded companies in order to make meaningful comparisons with respect to executive compensation.

Therefore, when selecting comparator companies, the Company tries to find other publicly-traded companies within the same sector and at the same (or greater) capitalization levels. These comparators are used to ensure the amount and mix of compensation potential for satisfactory performance are commensurate with the position held by the NEO in order to attract and retain the best people for the Corporation.

In addition to Magna Corporation, the Company selected the several other comparator corporations which are listed at page 28 of this document.

In establishing NEO compensation packages, the Company also considers general survey data for like-sized companies in Canada. While Linamar does not use comparative performance to its peers to reward the performance of its NEOs, it does review the total compensation of a select comparator group (noted above) to ensure that its total compensation is in line. The analysis uncovered that the Company's NEO compensation in 2018 was in the median range.

## Compensation Discussion & Analysis

The Canadian Coalition for Good Governance outlines six key principles in its Executive Compensation Principles:

1. A significant component of executive compensation should be “at risk” and based on performance.
2. “Performance” should be based on key business metrics that are aligned with corporate strategy.
3. Executives should build equity in the company to align their interests with those of shareholders.
4. A company may choose to offer pensions, benefits and severance and change-of control entitlements. When such perquisites are offered, the company should ensure that the benefit entitlements are not excessive.
5. Compensation structure should be simple and easily understood by management, the board and shareholders.
6. Boards and shareholders should actively engage with each other and consider each other’s perspective on executive compensation matters.

Linamar’s executive compensation system embodies these key principles, as supported by the following discussion.

### Base Salary

The Company believes that a significant component of executive compensation should be at risk. Therefore, it sets base salaries at relatively low levels in comparison to the market to ensure that compensation aligns primarily to results-driven performance.

The Company pursues a compensation strategy that enables it to attract, retain, develop and motivate high-caliber people who share its values and contribute to its success. It maintains rates that are competitive at the minimum with comparator organizations in the primary labour market, defined as follows: automotive parts manufacturers, general manufacturers within the geographic location of operation and the local market. From time to time, the Company uses national or international comparators where information from the primary market is insufficient to attract and retain certain positions.

The Company assesses base salary, total cash compensation and total direct compensation. Generally, minimum base salary rates are set at the 25<sup>th</sup> percentile of the survey base rates. Adjustment of minimum and maximum base salary levels from these levels occurs occasionally to ensure appropriate comparative compensation levels within a team or within a discipline in the organization.

NEO <sup>16</sup>	Year	Base Salary
Frank Hasenfratz	2018	\$446,064
	2017	\$446,064
	2016	\$446,064
Linda Hasenfratz	2018	\$642,921
	2017	\$630,315
	2016	\$618,431
Jim Jarrell	2018	\$499,600
	2017	\$489,804
	2016	\$480,569
Dale Schneider	2018	\$331,569
	2017	\$325,068
	2016	\$318,939
Ken McDougall	2018	\$309,000
	2017	\$303,000
	2016	\$297,052

### Organizational Alignment

Linamar aligns business strategies and goals to any compensation strategy’s objectives to maximize the likelihood of their attainment. Therefore, the Company provides variable pay plans and packages (with varying incentive targets) for different levels of employees. It designs variable compensation to reward financial and operational performance to goals, as well as collective and individual achievements.

<sup>16</sup> Named Executive Officer (“NEO”), as defined in Form 51-102F6 – *Statement of Executive Compensation*.

In all cases, compensation is a combination of base salary (fixed pay) coupled with a bonus (variable or performance-based pay). Depending on the position, bonuses will be comprised of cash or a combination of cash and equity instruments (i.e. stock options or share grants). The portion of performance-based or variable pay applies throughout the organization, but increases in accordance with increasing levels of responsibility. See chart below for the percentage distribution for all senior employees within the organization.

Position	Base (Fixed Salary) as a % of total compensation	Performance-based (Variable Compensation) as a % of total compensation
General Managers	40%	60%
VPs & Directors	55%	45%
Group Presidents	30%	70%
Senior Executive Group	40%	60%
Chairman, CEO and President	20%	80%

Variable pay weighs both collective and individual performance with increasing emphasis on collective performance the more senior the role in the organization. Please refer to the following chart for percentage breakdowns.

VARIABLE SALARY WEIGHTING TARGETS				
Position	Individual	Plant level results	Group level results	Corporate level results
General Managers	0%	80%	0%	20%
VP & Directors	20%	0%	0%	80%
Group Presidents	0%	0%	50%	50%
SEG	20%	0%	0%	80%
Chairman, CEO and President	0%	0%	0%	100%

Bonuses are directly tied to performance and aligned with Company goals, objectives, values and valued behaviour. Performance drivers include productivity, various indicators of customer and financial satisfaction, profit, return on investment, performance related to the Company's core values and leadership behaviours, personal objectives attainment, approach to the job and attitude and achievement of growth goals.

The Company allows for deviations from its compensation program guidelines only when responding to business-critical, market-based attraction and retention needs supported by valid and timely data and relating to such situations as: out-of-country hires and singular, specialized skills, which are scarce in the marketplace.

#### Elements of Variable or Performance-based Compensation

The Company believes in the concept of aligning pay to performance on key business metrics that align with the Company's overall strategy.

1. The Company has a core strategy of maintaining and growing profitability while appropriately utilizing the Company's assets and cash. Accordingly, a bonus program has been established, the **Corporate/Group Profit Bonus Program**, to reward executives at a set percentage of profit achieved, while ensuring cash use is optimized.
2. Another key element of the Company's strategy focuses on the concept of balancing Customer, Employee and Financial Satisfaction. Accordingly, a bonus program, the **Stepping Stool Program**, measures key metrics of satisfaction for each of customer, employee and shareholder and provides a bonus to executives on successful attainment of those metrics.
3. Finally, the Company has introduced a new bonus program this year which seeks to incentivize and reward the successful attainment of multiple global initiatives. This new bonus program, referred to as the **Landing Bonus Program**, is described in greater detail below.

The Company establishes specific strategies annually as targets for achievement in the ensuing year, medium term and long term. Specific objectives are set for each executive to support these strategies and performance to such evaluated in establishing Performance Based Discretionary Bonuses.

### **Annual Incentive Plans: Corporate/Group Profit Bonus Program**

Annual incentives, or bonuses for the Profit Bonus Programs, are all formula-based.

The Corporate Profit Bonus payment is based on a set formula derived from net earnings of the Corporation before provisions for (recovery of) income taxes and is payable each quarter. Both net earnings and provisions for (recovery of) income taxes are in the consolidated financial statements of the Corporation. EBT is a driver for this significant portion of the variable compensation package as it accurately captures both earnings from operations and the financing cost of creating those earnings thereby motivating executives to manage both the income statement and balance sheet. EBT is the key driver of earnings per share and ultimately the share price itself, and as such directly links executive compensation to shareholder satisfaction (the “**Corporate Profit Bonus Program**”). There is no minimum threshold of performance to be eligible for this bonus, nor is there a cap. In the absence of profit, no bonuses are paid. No adjustments are made to EBT for any unusual or significant items whatsoever, again aligning compensation directly to reported earnings per share and thereby share price.

The Board, through the recommendations of the Chairman and the Committee, sets the percentage incentive for the Chairman and the CEO. The Chairman and the CEO’s current annual incentive is equal to 1.5% for the Corporate Profit Bonus Program. The Corporate Profit Bonus Program applies to senior executives at the corporate level with the bonus percentage varying, dependent on position.

<b>NEO</b>	<b>Year</b>	<b>Corporate Profit Bonus Program</b>
Frank Hasenfratz	2018	\$10,930,737
	2017	\$10,515,025
	2016	\$10,075,275
Linda Hasenfratz	2018	\$10,930,737
	2017	\$10,515,025
	2016	\$10,075,275
Jim Jarrell	2018	\$7,287,158
	2017	\$7,010,016
	2016	\$6,716,850
Dale Schneider	2018	\$546,537
	2017	\$525,751
	2016	\$503,764

A similar bonus program, the “**Group Profit Bonus Program**”, is established for senior executives at the group level and also paid on a quarterly basis. Their annual incentive is a return on adjusted asset calculation. It compares their group’s earnings before interest and taxes (“**EBIT**”)<sup>17</sup> to a threshold percentage return on the group’s adjusted asset base, represented by the level of capital assets and working capital of their group. The NEO receives 1% of the amount by which EBIT exceeds the threshold percentage of the adjusted asset base for the group. This Program incents executives to minimize use of cash in their operations as higher levels of net assets result in a higher threshold level of EBIT required before “bonusable” earnings are payable.

<b>NEO</b>	<b>Year</b>	<b>Group Profit Bonus Program</b>
Ken McDougall	2018	\$1,440,470
	2017	\$1,786,407
	2016	\$1,979,689

There are no minimum targets to reach for the Profit Bonus Programs (other than the above noted threshold for the Group Profit Bonus Program) and it is paid at the indicated percentages for all levels of bonusable earnings (note: there is no cap on this bonus).

### **Annual Incentive Plans: Stepping Stool Program**

The calculation of the Stepping Stool Incentive Program is the same for every employee of the Corporation and is a balance of measurements reflecting performance in three key areas: employee, customer, and financial satisfaction. See Appendices J and K for specific Stepping Stool Program targets and achievement levels in 2018.

Payout levels for successful attainment of stepping stool goals depend on position, with management entitled to up to 15% of base salary for attaining such goals. All of the NEOs are entitled to a bonus of up to 15% of their base wages under this Program. Performance assessed by leg derives a potential score of 15 points and a potential payout of 5% for each leg for acceptable performance to goals. Acceptable performance leads to a green rating and full 5% payout, fair performance to a yellow rating and 40% of potential or 2% payout and unacceptable performance a red rating and no payout. This variable compensation program ensures that executives and all employees pay close attention to key customer and employee satisfaction metrics, as well as overall financial results. .

NEO	Year	Stepping Stool Bonus Program
Frank Hasenfratz	2018	\$34,312
	2017	\$169,340
	2016	\$91,908
Linda Hasenfratz	2018	\$51,946
	2017	\$187,887
	2016	\$103,199
Jim Jarrell	2018	\$40,440
	2017	\$132,188
	2016	\$73,338
Dale Schneider	2018	\$26,944
	2017	\$38,924
	2016	\$24,222
Ken McDougall	2018	\$25,100
	2017	\$52,199
	2016	\$35,328

For more detailed descriptions of payout levels against Stepping Stool objectives for 2018, see Appendices J and K.

**Annual Incentive Plans: Landing Bonus Program**

The Linamar Landing Bonus Program is a newly established incentive plan for the 2018 fiscal year and replaces the Growth Bonus Program which was in place for several years, including the two previous fiscal years. The calculation of the Landing Bonus is the same for every employee at a Director level and above and is based on the performance of the company against a multi-variant set of quantifiable and measurable targets. These targets fall within the same three key areas as the Stepping Stool Bonus: customer, employee, and financial and are reflective of Linamar’s desire to grow the Company through profitable new business, appropriate staffing levels and robust knowledge sharing and learning management.

Bonus payments are made if all five of the registered goals are met and “landed”. For the 2018 fiscal year these goals were: 1. The award of \$2.5 billion in new business, 2. The completion of a 5 year “Full Bench” staffing plan 3. The implementation of the “Online Wisdom of Linamar” (“OWL”) knowledge sharing and management program 4. The further rollout of the Linamar Manufacturing Monitoring System (“LMMS”) to expand industry 4.0 connectivity and improve predictive maintenance and cycle times, and 5. The achievement of a 5 percent increase in the overall Stepping Stool score for the Corporation as a whole.

All of the NEOs are entitled to a bonus of up to 25% of their base wages under this Program if all registered goals are met.

In the 2018 fiscal year the registered goals were not fully met. Four out of the five targets to attain the Landing Bonus were achieved and the fifth target was 80% achieved. In view of the substantial attainment of these goals and significant progress made thereunder, the Executive of the Company elected to issue a partial bonus on a discretionary basis. In recognition of these efforts, all of the NEOs were paid a Landing Bonus of 15% of the 2018 base rate, equivalent to 60% of the entire Landing Bonus that would have been paid out had all registered goals been achieved.

NEO	Year	Landing Bonus Program
Frank Hasenfratz	2018	\$66,910
Linda Hasenfratz	2018	\$97,403
Jim Jarrell	2018	\$76,439
Dale Schneider	2018	\$50,769 <sup>18</sup>
Ken McDougall	2018	\$46,350

### **Annual Incentive Plans: Growth Bonus Program**

The Linamar Growth Bonus Program was an annual incentive plan that was in place for several years, including the 2016 and 2017 fiscal reporting periods. The Program was discontinued for the 2018 fiscal year. For financial performance under this program in 2017, a potential bonus of 25% of base salary was payable to an individual based on attainment of an annual growth of 20% or more on the Company's net earnings for all NEOs. In 2017, sales were up 9.0%, operating earnings up 1.6% and net earnings up 5.2% relative to 2016, therefore, there was no growth bonus paid for 2017's performance.<sup>19</sup>

NEO	Year	Growth Bonus Program
Frank Hasenfratz	2018	Program Replaced By Landing Bonus
	2017	\$ -
	2016	\$89,213
Linda Hasenfratz	2018	Program Replaced By Landing Bonus
	2017	\$ -
	2016	\$123,686
Jim Jarrell	2018	Program Replaced By Landing Bonus
	2017	\$ -
	2016	\$96,114
Dale Schneider	2018	Program Replaced By Landing Bonus
	2017	\$ - <sup>20</sup>
	2016	\$63,788 <sup>21</sup>
Ken McDougall	2018	Program Replaced By Landing Bonus
	2017	\$ -
	2016	\$59,410

The Company bases each of the Corporate and Group Profit, Stepping Stool and Landing Bonus Programs on a preset percentage related to a calculated number based on actual results. The Stepping Stool and Landing Bonus Programs have specific targets, and when met, trigger the bonus payment. Note that the Profit Bonus does not have a target and simply drives off of bonusable earnings achieved. The resultant bonus payouts are simply the amount of that calculation. These are true performance-based incentives. There is no discretion in the amounts earned as they tie directly back to the performance achieved by the Corporation during the period for which the incentives are earned.

Establishment of the amount of the bonus percentage is subject to discussion and approval by the Board. The Board assesses the expected total compensation for future years based on the compensation proposed and assesses such in comparison to market levels to ensure that it is both appropriate and market relevant.

The HRCG Committee believes that it is truly a pay-for-performance reward system whereby the increase in incentives paid are the direct result of increased company performance that benefits all stakeholders – shareholders, customers and employees. Establishment of the various incentive programs and associated targets, as well as base rate and benefit levels are more subjective and allow the Committee added discretion to evaluate and reward executive performance.

<sup>18</sup> Mr. Schneider received a deferred incentive award in 2018 in the amount of \$69,859, included in the Summary Compensation Table.

<sup>19</sup> Note: Growth bonus payments are based upon the previous year's performance and paid the following year. Therefore, growth bonus payments for 2016 were paid in 2017.

<sup>20</sup> Mr. Schneider received a deferred incentive award in 2017 in the amount of \$65,014, included in the Summary Compensation Table.

<sup>21</sup> Mr. Schneider received a deferred incentive award in 2016 in the amount of \$43,956, included in the Summary Compensation Table.

### Deferred Incentive Awards

The Company believes executives should build equity in the Company to align their interests to those of shareholders. Accordingly, the Company has deferred compensation programs in place for most of its senior executives, which include the award of share grants and options as specifically itemized in the various compensation tables below.

Deferred Incentive Awards reflect performance to company strategy and goals and personal performance. In setting these awards, the HRCG Committee considers performance to stated personal objectives, the level of sustained performance aligned to longer-term company objectives and results from the Company's "STAR employee-evaluation system". Deferred Incentive Awards can take the form of either stock options or share grants. Deferred Incentive Awards are directly linked to overall performance levels and proportionate to the level of performance.

The Company believes that this form of compensation continues to promote the long-term success of the Corporation by providing equity-based incentive awards to eligible employees and consultants of the Corporation. It is also important for the Corporation to be able to offer equity incentives to assist in attracting and retaining individuals with superior experience and ability.

### Cash-Based and Share Grant Objective Based Incentive Awards

Some NEOs are eligible for an objective bonus based on performance that could represent up to 20% of base salaries depending on position and performance to individual objectives ("**Objective Bonus Program**"). Assessment of performance is both quantitative and in terms of attainment of specific goals and objectives and overall approach to the job, which together drive a specific level of performance articulated as a percentage performance. Level of performance on quantitative and qualitative goals and objectives directly links to the bonus payout level with a small amount of discretionary adjustment permitted (+/- 15%). When eligible, these NEO bonuses are payable as a combination of cash and share grants. The percentages of cash and long-term compensation vary by position. The Objective Bonus Program focuses executives on attainment of committed individual goals and overall Company goals, as well as overall performance in overcoming challenges associated with their responsibilities and leadership aligned with Company culture. Performance-Based Objective Bonus programs focus on non-operational executives such as the SEG (excluding the CEO and President), VPs and Directors.

Share grants also reward operational executives based again on overall STAR performance levels. Executives' performance levels directly link to the STAR performance level with a small amount of discretionary adjustment permitted (+/- 15%) and are fully payable in share grant with no cash payment element.

The following table sets out the number of share grants received in 2016, 2017 and 2018 for all of the NEOs. These are also included in the tables setting forth the NEO's equity compensation and the summary table of their compensation.

NEO	Year	Number of shares received	Value of shares received
Frank Hasenfratz	2018	-	-
	2017	-	-
	2016	-	-
Linda Hasenfratz	2018	50,000	\$2,261,484
	2017	50,000	\$3,804,286
	2016	50,000	\$2,440,097
Jim Jarrell	2018	-	-
	2017	-	-
	2016	-	-
Dale Schneider	2018	580	\$25,763
	2017	649	\$45,048
	2016	-	-
Ken McDougall	2018	862	\$38,820
	2017	510	\$38,820
	2016	-	-

### **Description of Option or Share Grants**

The Chairman generally approaches the HRCG Committee with a recommendation on the issuance of options under Linamar's Stock Incentive Plan more fully described below. This may occur at the end of a fiscal year as part of the normal review process or it may occur at other times as business circumstances dictate. Through discussion with the Chairman, the Committee decides upon a recommendation regarding the issuance or non-issuance of options and makes a recommendation to the full Board. When awarding new grants, any previous grants of options factor into the decision.

All options granted vest over a 10-year period (10% per year) and all share grants vest over a five-year period (20% per year). Both the share-based awards and option-based awards align executives' focus with long-term shareholder value. Awards begin to vest over a long-term period to ensure that future performance of the Company results in an impact to compensation awarded today. This helps to ensure that executives make decisions that benefit both present and future value.

### **Description of Stock Incentive Plan**

Under the Stock Incentive Plan (or "**the Plan**"), stock options ("**Options**") and tandem stock appreciation rights ("**Tandem SARs**") may be granted to eligible employees and consultants. A Tandem SAR is a right to receive, upon the exercise of the Tandem SAR (and corresponding cancellation of the Option to which it relates), payment for the amount by which the market value of a Common Share at the time of exercise exceeds the exercise price of the Option/Tandem SAR. See the section entitled "*Grant of Tandem SARs*" below.

### **Eligible Participants**

Individuals who are eligible to receive Options and Tandem SARs ("**Awards**") under the Plan are limited to selected full-time and part-time employees and consultants of the Corporation and its subsidiaries, including directors of the Corporation but only if they are full-time employees of the Company or its subsidiaries. Participation of an individual under the Plan will be voluntary. Note that options are not used to compensate Independent Directors.

### **Insider Participation Limit**

The number of Common Shares issuable to insiders (as defined in the rules of the TSX) under the Plan and all other security-based compensation arrangements (as defined in the rules of the TSX) of the Corporation may not exceed 10% of the issued and outstanding Common Shares. The number of Shares issued to Insiders within any one year under all security-based compensation arrangements of the Corporation may not exceed 10% of the issued and outstanding Common Shares.

### **Administration**

The Stock Incentive Plan is administered and interpreted by the HRCG Committee or any successor committee. Subject to and consistent with the terms of the Plan, the Committee will have full and complete authority, among other things, to:

- i. interpret and administer the Plan and documents evidencing Awards;
- ii. determine those employees and consultants of the Corporation who may be granted Awards, and grant one or more Awards to such employees and consultants;
- iii. determine the terms and conditions of Awards granted to any participant under the Plan;
- iv. determine whether and the extent to which any performance criteria or other conditions applicable to the vesting of an Award have been satisfied or will be waived or modified;
- v. amend the terms of any instrument of grant or other documents evidencing Awards; and
- vi. determine whether, and the extent to which, adjustments shall be made as a result of a capital reorganization of the Corporation and the terms of any such adjustments.

The Committee may delegate its powers, rights and duties under the Plan, in whole or in part, to another committee or persons as the Committee may determine, subject to certain limitations as set out in the Plan.

### **Stock Option Grants**

The Committee may from time to time grant one or more Awards of Options to eligible employees and consultants of the Company on such terms and conditions, consistent with the Plan, as the Committee determines.

The exercise price for Options may not be less than 100 percent of the Market Value of a Common Share on the effective date of the grant of the Option. The "**Market Value**" of a Common Share is the volume weighted average trading price of the Common

Shares on the TSX (or other applicable exchange) for the five consecutive trading days immediately preceding the date of grant. However, (i) if the Common Shares did not trade on any of those trading days, the Market Value will be the average of the bid and ask prices for the Common Shares at the close of trading on all of such trading days and (ii) if the Common Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of the Common Shares as determined by the Board in its sole discretion.

All awarded share options or grants vest over a period of time; options vest over a 10-year period (10% per year) and share grants vest over a five-year period (20% per year).

Vested Options may be exercised in accordance with such procedures as may be established by the Committee and the documents relating to the grant of the Option. The exercise price is payable on exercise of a vested Option and may be paid in cash or such other form as and to the extent, if any, permitted by the Committee. In addition, the Option holder is required to satisfy or pay any withholding amounts for withholding taxes relating to the Option exercise. The maximum term of an Option under the Plan is ten years.

### **Tandem SAR Grants**

The Committee may from time to time grant one or more Awards of Tandem SARs to eligible employees and consultants of the Company on such terms and conditions, consistent with the Plan, as the Committee determines.

Tandem SARs may be granted at the same time or after the effective date of the related Options and will be subject to the same terms and conditions as the related Options, including the exercise price. Tandem SARs may be exercised only if and to the extent the related Options are vested and exercisable. Unexercised Tandem SARs terminate when the related Option is exercised or terminates.

On the exercise of a Tandem SAR, the related Option will be cancelled and, subject to the payment or satisfaction of any withholding tax obligations, the participant will be entitled to an aggregate amount in settlement of the Tandem SAR calculated as the product of:

- i. the excess of the Market Value of a Common Share on the date of exercise over the exercise price under the applicable Tandem SAR (being the same as the exercise price of the related Option), multiplied by
- ii. the number of Tandem SARs exercised.

The amount owed on the exercise of a Tandem SAR may be settled by payment in cash, the issuance of Common Shares or any combination thereof, as determined by the Committee.

### **Consequences of Termination of Employment or Consultancy**

Unless otherwise determined by the Committee, when a participant holding Options and/or Tandem SARs ceases employment or consultancy with the Corporation or its subsidiaries (a “**Termination**”), the Options and Tandem SARs will be subject to cancellation or a period of exercise following the Termination, depending on the circumstances of the Termination. These circumstances are described below, but in all cases subject to the following limitations:

- i. the period for exercise of Options or Tandem SARs may not exceed the maximum term of ten years and
- ii. any outstanding Options or Tandem SARs that are subject to vesting conditions based in whole or part upon the satisfaction of performance criteria and that have not become vested prior to the participant’s date of Termination will immediately be cancelled and forfeited for no consideration.

Where the employee’s Termination is due to retirement, the employee’s Options and/or Tandem SARs that have become vested prior to the employee’s date of Termination will continue to be exercisable for the balance of their term. Those Options and/or Tandem SARs that have not vested will be forfeited and cancelled as of the date of Termination.

Where the employee’s Termination is due to death, the employee’s Options and/or Tandem SARs that have become vested prior to the participant’s date of Termination will continue to be exercisable for the period ending on the earlier of (i) the second anniversary of the date of Termination and (ii) the end of the option period of the applicable Options and/or Tandem SARs. Those Options and/or Tandem SARs that have not vested will be forfeited and cancelled as of the date of Termination.

Where the employee's Termination is a termination by the Corporation without cause, the employee's Options and/or Tandem SARs that have become vested prior to the employee's date of Termination will continue to be exercisable for 90 days following the date of Termination. Those Options and/or Tandem SARs that have not vested will be forfeited and cancelled as of the date of Termination.

Where the employee's Termination is due to resignation, the employee's Options and/or Tandem SARs that have become vested prior to the employee's date of Termination will continue to be exercisable for 30 days following the date of Termination. Those Options and/or Tandem SARs that have not vested will be forfeited and cancelled as of the date of Termination.

Where the participant is a consultant, all Options and Tandem SARs granted to such consultant will terminate in accordance with the terms of the agreement relating to the Options and Tandem SARs between the Corporation and the consultant, subject to the following limitation: the termination of the Options and Tandem SARs may not occur any later than the earlier of (i) the original expiry date of the Options and Tandem SARs and (ii) the first anniversary of the termination of the consultant's engagement.

Where an employee's Termination is due to a termination for cause by the Corporation, any and all outstanding Options and Tandem SARs granted to the employee, whether or not vested, will be immediately forfeited and cancelled, without any consideration, as of the commencement of the day that notice of such termination is given

Options and/or Tandem SARs that are not exercised prior to the expiration of the exercise period following the Termination (to the extent there is such an exercise period), will automatically expire on the last day of such period.

### **Transferability**

Options and Tandem SARs are not be transferable (except through inheritance), and are exercisable during the participant's lifetime only by the participant.

### **Adjustments for Recapitalizations**

In the event that:

- i. a dividend is declared on the Common Shares or other securities of the Corporation payable in Common Shares or other securities of Linamar;
- ii. the outstanding Common Shares are changed into or exchanged for a different number or kind of shares or other securities of the Corporation or of another corporation or entity, whether through an arrangement, plan of arrangement, amalgamation or other similar statutory procedure or a share recapitalization, subdivision, consolidation or otherwise;
- iii. there is change (other than as described in (i) and (ii) above) in the number or kind of outstanding Common Shares or securities of the Corporation; or
- iv. there is a distribution of assets or securities to shareholders of the Corporation out of the ordinary course of business; and, if the Board determines that an adjustment should be made in the number or kind of securities authorized but not yet covered by Awards, covered by outstanding Awards or generally available for Awards, or that such other adjustment as may be appropriate should be made, such adjustment will be made to the Plan and the Common Shares and Awards subject to the Plan.

### **Change of Control**

If a Change of Control occurs, then the vesting of stock incentives shall be subject to double-trigger change in control provisions. As such, an involuntary termination of employment without cause or the constructive termination of employment (consisting of a substantial reduction of responsibilities or scope of authority in terms of employment) within 24 months of the occurrence of a Change of Control of the Company, will result in the accelerated vesting of stock incentives granted as of the date of termination.

In the event of a Change of Control, the Committee may:

- i. irrevocably commute any Option that is still capable of being exercised, upon 30 days' written notice, and during such period of notice, the Option, to the extent that it has not been exercised, may, notwithstanding whether such Option is vested or any provisions in the Plan, be exercised by the Participant. On the expiry of such period of notice, the unexercised portion of the Option shall terminate and be cancelled; or

- ii. substitute for any Options an entitlement to cash or such securities into which Common Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Common Shares under option or some other appropriate basis

For the purposes of the Plan, a Change of Control is:

- i. any transaction (or series of transactions) where the Common Shares outstanding immediately prior to the transaction represent, after conversion or exchange into securities of the entity with, or into which the Corporation is consolidated, amalgamated or merged, less than 50% of the voting securities of such corporation or entity following such transaction;
- ii. any transfer, sale, lease or exchange of the Corporation or a subsidiary of all or substantially all of the property of the Corporation (on a consolidated basis) to any third party;
- iii. the lawful acquisition (directly or indirectly) by a person or group of persons acting jointly or in concert, other than any members of the Hasenfratz Group (as defined in the Plan), of Common Shares representing 50% or more of the votes attached to Common Shares issued and outstanding immediately after such acquisition; or
- iv. the Board by resolution deems that a Change of Control has occurred or is about to occur.

**Note that there are no specific automatic payout arrangements to NEOs or any other directors or officers in the event of a change of control so therefore, there are no advantages or disadvantages to NEOs of the Corporation in the event of a change of control.**

#### **Amendments to the Plan**

The Board may, from time to time, without shareholder approval, add to or amend any of the provisions of the Plan or suspend or terminate the Plan or amend the terms of any then outstanding Award granted under the Plan or its related instrument of grant, subject to the following limitations:

- i. except as expressly provided in any provision of the Plan, no such amendment, suspension or termination may be made at any time to the extent such action would materially adversely affect the existing rights of a participant with respect to any then outstanding Award without his or her consent in writing; and
- ii. the Corporation must obtain shareholder approval of any amendment that would:
  - a. require shareholder approval under the requirements of the TSX or any applicable law;
  - b. increase the maximum number of Common Shares for which Awards may be granted under the Plan;
  - c. reduce the exercise price at which Options or Tandem SARs may be granted pursuant to the Plan;
  - d. extend the term of Options granted under the Plan;
  - e. change the class of persons eligible for grants of Awards under the Plan;
  - f. allow Awards granted under the Plan to be transferable or assignable other than for estate settlement purposes;or
  - g. amend any of the amendment provisions of the Plan.

#### **Grants under the Stock Incentive Plan**

The maximum number of shares that may be issued under the Plan is an aggregate of 4,650,000 common shares, representing approximately 7% (as at December 31, 2018) of the outstanding shares, subject to adjustment in the case of certain reorganizations. The following table sets out information concerning the number and price of securities to be issued under equity compensation plans to employees and others as of December 31, 2018.

Plan Category	Number of Securities to be Issued upon Exercise of outstanding Options, Warrants and Rights (a)	Weighted – Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans Approved by Securityholders	600,000	56.83	4,050,000
Equity Compensation Plans Not Approved by Securityholders	1,091,876 <sup>22</sup>	15.79	0
Total	1,691,876	30.34	4,050,000

### Grant rate as a percentage of shares outstanding

The TSX also requires the disclosure of the total number of securities issued and issuable under the Stock Incentive Plan, as a percentage of outstanding shares. Note the table below (as at December 31, 2018):

Number of options outstanding as at Dec 31/18	Options outstanding in 2018 as a percentage of shares outstanding	Total number of options available	Total options available as a percentage of shares outstanding
600,000	0.92%	4,050,000	6.2%

The following table sets forth a summary as at December 31, 2018, of the compensation awarded to the NEOs over the past several years under compensation plans under which option-based and/or share-based awards of the Corporation are authorized for issuance, that were outstanding December 31, 2018. Linamar's closing share price on December 31, 2018 was \$45.30.

### Burn rate calculation

Through amendments to the TSX Company Manual in 2017, a burn rate calculation is also required. This is expressed as a percentage and calculated by dividing the number of awards granted under the arrangement during the applicable fiscal year, by the weighted average number of securities outstanding for the applicable fiscal year (calculated in accordance with the CPA Canada Handbook). Therefore, in December 2018, Ms. Hasenfratz received a share grant of 50,000, which vest at a rate of 20% per year, and the first tranche will vest in December 2019 (**burn rate of 0.1%**). In December 2018, Mr. Schneider received a share grant of 580 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2018 (**burn rate of 0.0009%**). In December 2018, Mr. McDougall received a share grant of 862 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2019 (**burn rate of 0.0013%**).

<sup>22</sup> These options were available under the original Stock Option Plan (from 1986), which was adopted as part of the Company's IPO and was not put to shareholders for approval as an equity compensation plan (though amendments to the plan were put to shareholders for approval). This plan is not eligible for grant any more. In 2011, the Board proposed that the previous Share Option Plan be amended to eliminate the 30,998 remaining shares available for issuance thereunder and that a new Stock Incentive Plan be adopted, which was adopted by the shareholders at the Annual General Meeting in 2012.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(3)</sup>	Option expiration dates	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#) <sup>(4)</sup>	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Frank Hasenfratz Chairman of the Board	446,750	15.72	Aug 26, 2019 Aug 26, 2020	13,214,065	3,000	135,900	0
Linda Hasenfratz Chief Executive Officer	446,751	15.72	Aug 26, 2019 Aug 26, 2020	13,214,091	146,666	6,643,970	0
Jim Jarrell President & Chief Operating Officer	798,375 <sup>(1)(2)</sup>	46.71	Aug 26, 2019 Aug 26, 2020 Dec 14, 2022 Dec 14, 2023 Dec 3, 2024 Nov 30, 2025 Nov 11, 2026 Jan 5, 2028 Dec 13, 2028	7,191,783	0	0	0
Dale Schneider Chief Financial Officer	0 <sup>(1)</sup>	-	-	0	1,292	58,528	0
Ken McDougall Group President	0 <sup>(1)</sup>	-	-	0	1,640	74,292	0

- (1) In November 2016, Mr. Jarrell was granted additional options of 100,000 shares at an exercise price of \$50.14 which vest at a rate of 10% per year. Mr. Schneider exercised 8,000 options on December 19, 2016 with a financial gain to Mr. Schneider of \$351,600. Mr. McDougall exercised 4,000 options on March 23, 2016 with a financial gain to Mr. McDougall of \$193,040. Also, Mr. McDougall exercised 4,000 options on December 14, 2016 with a financial gain to Mr. McDougall of \$177,440.
- (2) For 2017 performance, Mr. Jarrell was granted additional options of 100,000 at an exercise price of \$73.96, though the date of grant was in January 2018. These options vest at a rate of 10% upon grant and then, 10% each year on the anniversary date of the grant over a period of 9 years.
- (3) This is a weighted-average option price.
- (4) 2016 Share/option grants: In November 2016, Ms. Hasenfratz received a share grant of 50,000, which vest at a rate of 20% per year, and the first tranche will vest in November 2017.

2017 Share/option grants: In December 2017, Ms. Hasenfratz received a share grant of 50,000, which vest at a rate of 20% per year, and the first tranche will vest in December 2018. In June 2017, Mr. Schneider received a share grant of 351 shares, which vest at a rate of 20% per year, and the first tranche will vest in June 2018. In December 2017, Mr. Schneider received a share grant of 298 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2018. In December 2017, Mr. McDougall received a share grant of 510 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2018.

2018 Share/option grants: In December 2018, Ms. Hasenfratz received a share grant of 50,000, which vest at a rate of 20% per year, and the first tranche will vest in December 2019. In December 2018, Mr. Schneider received a share grant of 580 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2019. In December 2018, Mr. McDougall received a share grant of 862 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2019.

The following table sets forth a summary as at December 31, 2018, of the compensation plans under which any incentive plan awards vested or were earned during the year by the NEOs.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Frank Hasenfratz Chairman of the Board	-(1)	271,800 <sup>(1)</sup>	-
Linda Hasenfratz Chief Executive Officer	1,321,409 <sup>(2)</sup>	1,796,915 <sup>(2)</sup>	-
Jim Jarrell President & Chief Operating Officer	1,460,909 <sup>(2)</sup>	-(2)	-
Dale Schneider Chief Financial Officer	-(3)	16,988 <sup>(3)</sup>	-
Ken McDougall Group President	-(3)	15,447 <sup>(3)</sup>	-

- (1) Mr. Hasenfratz did not receive any option-based awards in 2016, 2017, or 2018.
- (2) Ms. Hasenfratz did not receive any option-based awards in 2016, 2017, or 2018. Mr. Jarrell was granted, 100,000 stock options in 2016 and did not receive any option-based awards in 2017, though 100,000 options were granted to Mr. Jarrell in January 2018, based on 2017 performance. Mr. Jarrell received 100,000 stock options in December 2018. Ms. Hasenfratz's and Mr. Jarrell's stock options vest as to 10% upon grant and then 10% each year on the anniversary date of the grant for a period of 9 years. In November 2016, Ms. Hasenfratz received a share grant of 50,000 shares, which vest at a rate of 20% per year, and the first tranche will vest in November 2017. In December 2017, Ms. Hasenfratz received a share grant of 50,000, which vest at a rate of 20% per year, and the first tranche will vest in December 2018. In December 2018, Ms. Hasenfratz received a share grant of 50,000, which vest at a rate of 20% per year, and the first tranche will vest in December 2019.
- (3) In June 2017, Mr. Schneider received a share grant of 351 shares, which vest at a rate of 20% per year, and the first tranche will vest in June 2018. In December 2017, Mr. Schneider received a share grant of 298 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2018. In December 2017, Mr. McDougall received a share grant of 510 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2018. In December 2018, Mr. Schneider received a share grant of 580 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2019. In December 2018, Mr. McDougall received a share grant of 862 shares, which vest at a rate of 20% per year, and the first tranche will vest in December 2019.

A maximum of 14,156,250 Common Shares were authorized for issuance under the previous Share Option Plan, which represented 21.9% of the Company's outstanding common shares at that time. A total of 14,125,250 Common Shares were issued over the life of the previous Share Option Plan, which represented 21.7% of the Company's outstanding Common Shares at the time that the previous Share Option Plan was replaced with a Stock Incentive Plan adopted in 2012. A total of 1,787,002 options were outstanding, which left 30,998 shares available for options grants under the previous Share Option Plan. However, the 30,998 shares available for option grant were eliminated after the adoption of the new Stock Incentive Plan.

#### Termination and Change of Control Benefits (Double-trigger Required)

None of the NEOs has any written employment or other agreements or arrangements with the Corporation that provide for payment on resignation or termination. The Company has a *de facto* double-trigger upon a change of control. Therefore, unless terminated, executives do not automatically receive payments if and when the Company's ownership changes.

- i. It is the policy of the Company that a Change of Control not advantage or disadvantage employees.
- ii. Accordingly, there are no specific automatic payout arrangements to NEOs or any other directors or officers in the event of a change of control.
- iii. Upon a Change of Control any existing rights of employees are maintained but no additional rights are given.
- iv. In the event of a without-cause termination after a Change of Control, the employee would be eligible for severance according to their length of service. This mirrors a "Double Trigger" Change of Control policy.

#### Dilution Level of Stock Options as a Percentage of Shares Outstanding

Basic earnings per share is calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding throughout the year. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding during the year to assume the exercise of all dilutive potential shares. There were 1,691,876 options outstanding as at December 31, 2018.

	Year Ended December 31 2018	Year Ended December 31 2017
	\$	\$
<b>Net earnings (\$ '000s)</b>	591,481	549,370
Weighted average common shares	65,354,495	65,296,870
Incremental shares from assumed conversion of stock options	827,725	767,259
Adjusted weighted average common shares for diluted earnings per share	66,182,220	66,064,129
<b>Net earnings per share: (\$/share)</b>		
Basic	9.05	8.41
Diluted	8.94	8.32

**Pension Value** The corporate pension plan is a defined contribution plan. The following table sets forth a summary as at December 31, 2018, of the contributions to, and value of, the pension plan applicable to the NEO's. The Company has no Supplemental Executive Retirement Plan for its executive employees.

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Non-Compensatory (\$)	Accumulated value at year end (\$)
Frank Hasenfratz Chairman of the Board	-	-	-	-
Linda Hasenfratz Chief Executive Officer	\$ 195,973	3,500	-	\$191,772
Jim Jarrell President & Chief Operating Officer	\$198,162	3,500	-	\$195,286
Dale Schneider Chief Financial Officer	\$151,625	3,500	-	\$150,402
Ken McDougall Group President	\$61,775	3,500	-	\$61,999

The Corporation's pension plan is a defined contribution plan. The Corporation pays 10% of an NEO's wages, up to a maximum of \$3,500 per year, into the pension plan. The NEO designates where the money is to be invested within the options offered by the Plan. No contributions are made by the Corporation beyond the age of 70. When an individual retires, whatever amount is in their pension account is transferred by the individual to an appropriate individual retirement vehicle, such as an annuity, LIRA or LIF/LRIP and the Corporation has no liability other than to transfer the existing amount over to the individual's account.

## ALL OTHER COMPENSATION

### Vacation Pay

The *Employment Standards Act* (Ontario) provides that, employees are entitled to take their vacation as a paid leave and/or receive vacation pay. At Linamar, all employees in the organization enjoy the greater right or benefit, and amounts paid depend on salary levels and years of services. The overall corporate policy at the Company is to allow the employee the greater benefit of either paid vacation or salary continuance, calculated as a percentage of total annual amount of compensation earned including bonuses ("**Vacation Pay**"). The Company pays the difference (if any) between paid leave and Vacation Pay as an annual lump sum payment in June of each fiscal year.

NEO	Year	Vacation Pay
Frank Hasenfratz	2018	\$1,382,077
	2017	\$1,276,020
	2016	\$1,209,317
Linda Hasenfratz	2018	\$1,398,715
	2017	\$1,279,565
	2016	\$1,213,267

NEO	Year	Vacation Pay
Jim Jarrell	2018	\$970,914
	2017	\$854,573
	2016	\$810,321
Dale Schneider	2018	\$103,776
	2017	\$73,438
	2016	\$80,369
Ken McDougall	2018	\$174,237
	2017	\$199,436
	2016	\$191,317

### Perquisites

The Company believes that other perquisites such as pensions, benefits, severance and change of control entitlements should not be excessive and in fact represent a very small element in the overall compensation amounts for its NEOs. Therefore, Linamar offers very few perquisites to its NEOs. Of the few perquisites offered, none is above an aggregate of \$50,000 for an NEO or above 10% of the NEO's total base salary (except for those outlined below in the Summary Compensation Table).

### Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation <sup>(4)</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>(3)</sup>	Long-term incentive plans			
Frank Hasenfratz Chairman of the Board	2018	446,064	-	-	11,031,959	-	-	1,424,463	12,902,486
	2017	446,064	-	-	10,684,365	-	-	1,345,003 <sup>(5)</sup>	12,475,432
	2016	446,064	-	-	10,256,396	-	-	1,295,495 <sup>(6)</sup>	11,997,955
Linda Hasenfratz Chief Executive Officer	2018	642,921	2,261,484	-	11,080,086	-	3,500	1,449,073	15,437,064
	2017	630,315	3,804,286	-	10,702,912	-	3,500	1,329,640	16,470,653
	2016	618,431	2,440,097	-	10,302,160	-	3,500	1,277,286 <sup>(7)</sup>	14,641,474
Jim Jarrell President & Chief Operating Officer	2018	499,600	-	2,171,000 <sup>(8)</sup>	7,404,037	-	3,500	1,003,992	11,082,129
	2017	489,804	-	4,199,100 <sup>(8)</sup>	7,142,204	-	3,500	906,006	12,740,614
	2016	480,569	-	2,617,900	6,886,302	-	3,500	856,424	10,844,695
Dale Schneider Chief Financial Officer	2018	331,569	25,763	-	694,109	-	3,500	108,990	1,163,931
	2017	325,068	45,048	-	629,689	-	3,500	78,647	1,081,952
	2016	318,939	-	-	635,730	-	3,500	85,450	1,043,619
Ken McDougall Group President	2018	309,000	38,820	-	1,511,920	-	3,500	180,251	2,043,491
	2017	303,000	38,820	-	1,838,606	-	3,500	205,502	2,389,428
	2016	297,052	-	-	2,074,427	-	3,500	196,472	2,571,451

(1) The share grants are valued as at the grant date.

(2) Mr. Hasenfratz and Ms. Hasenfratz did not receive any option-based awards in 2016, 2017 and 2018. Mr. Schneider exercised 8,000 in 2016. Mr. McDougall exercised 8,000 options in 2016. Otherwise, none of the options granted to the NEOs in 2016, 2017 and 2018 have been exercised.

(3) This column includes the Corporate/Group Profit Bonus, Growth/Landing Bonus and Stepping Stool Bonus Programs (outlined above).

(4) This column includes: Vacation Pay, Discretionary Bonus (as applicable; as discussed above) and other corporate perquisites.

- (5) This amount includes personal use of the corporate jet, valued at \$65,200 calculated by tracking the actual variable costs associated.
- (6) This amount includes personal use of the corporate jet, valued at \$82,707 calculated by tracking the actual variable costs associated.
- (7) This amount includes personal use of the corporate jet, valued at \$54,337 calculated by tracking the actual variable costs associated.
- (8) For 2017 performance, Mr. Jarrell was granted additional options of 100,000 at an exercise price of \$73.96, though the date of grant was in January 2018. These options vest at a rate of 10% upon grant and then, 10% each year on the anniversary date of the grant over a period of 9 years.

### Other Executive Compensation Metrics

The total amount of equity held by Ms. Hasenfratz is outlined in the section on *Election of Directors* above. As of December 31, 2018, the combined dollar value of her shareholdings (actual) and options (fair value) was \$203,433,149.

Finally, in 2018, total NEO compensation expressed as a percentage of net earnings (\$591.5 million as at December 31, 2018) was approximately 7.2%. The CEO's compensation expressed as a percentage of net earnings was approximately 2.6%.

### Indebtedness of Directors and Executive Officers and Senior Officers

None of the Directors, executive officers or senior officers of the Corporation or any of their associates were indebted to the Corporation or its subsidiaries, and no guarantee, support agreement, letter of credit or similar arrangement was provided to the Directors, executive officers, senior officers of the Corporation or any of their associates by the Corporation or its subsidiaries during the financial year ended December 31, 2018, nor as of March 11, 2019.

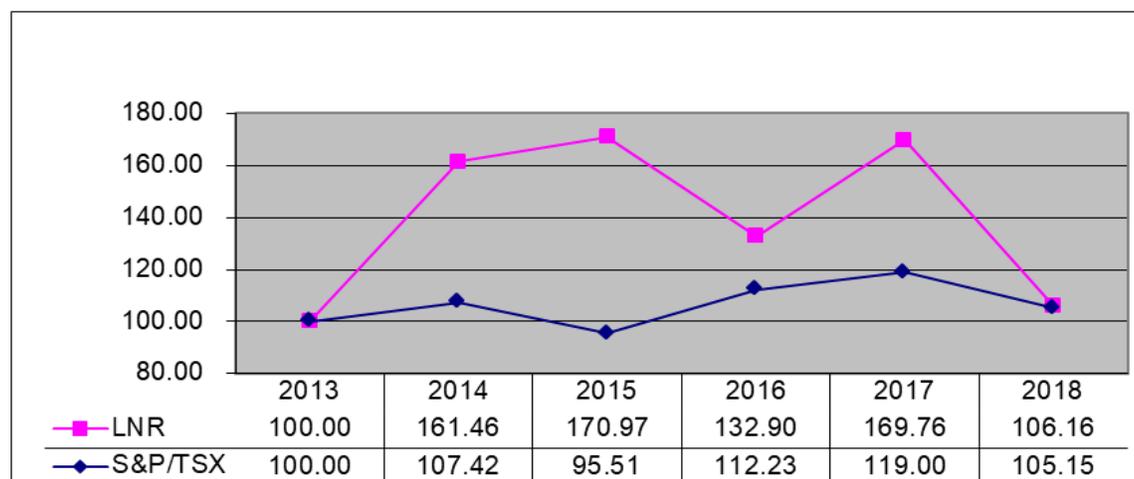
### Directors' and Officers' Liability Insurance

The Corporation has purchased Directors' and Officers' liability insurance. The premium paid by the Corporation for this policy in 2018 was approximately \$67,725. The policy provides coverage for up to \$25,000,000 per policy period, subject to a deductible of \$750,000 per occurrence to be paid by the Corporation.

## GENERAL INFORMATION

### Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Common Shares (TSX symbol: LNR) over the last five years with the cumulative total return of the S&P/TSX Composite Total Return Index (formerly the TSX 300 Stock index), assuming reinvestment of all dividends.



### Shareholders' Feedback and Additional Information

Interested investors and analysts are invited, after all significant public announcements, including the release of interim and annual financial information, to discuss with senior management the impact on the Corporation of such information. The CEO of the Corporation is available to discuss matters of concern to shareholders, and she can be reached at:

Linamar Corporation Head Office

287 Speedvale Avenue West  
Guelph, Ontario, CANADA, N1H 1C5  
Telephone: (519) 836-7550  
Facsimile: (519) 836-9175  
Email: [investorrelations@linamar.com](mailto:investorrelations@linamar.com)

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com), including financial information provided in the Corporation's comparative financial statements and MD&A for the most recently completed financial year. Copies of the annual financial statements and MD&A for the most recently completed financial year may also be obtained by contacting the Company Secretary at the address, phone number, fax number or email address noted above.

### **Expectation of Management**

The Board expects management to act in the best interests of the Corporation. To this end, the Board must have confidence in the quality of the reports provided to it. The Board will continue to monitor the adequacy of the information requested by and provided to the Board.

### **INTEREST OF MANAGEMENT, NOMINEES AND OTHERS IN MATERIAL TRANSACTIONS**

During the year ended December 31, 2018, no Director, executive officer or principal shareholder of the Corporation, nor any associate or affiliate thereof, has had any material interest, direct or indirect, in any transaction which has materially affected or will materially affect the Corporation or any of its shareholders.

### **DIRECTORS' APPROVAL**

The Board has approved the contents of this Information Circular and the sending of it to shareholders.

DATED as of March 11, 2019.

ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'Linda Hasenfratz', with a long horizontal flourish extending to the right.

Linda Hasenfratz, Chief Executive Officer

**APPENDICES & SCHEDULE**  
**Linamar Corporation (The “Corporation”)**

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Appendix A - Majority Voting Policy (Election of Directors)

Appendix B - Corporate Governance Practices

Appendix C - Board of Directors' Skills Matrix

Appendix D - Board of Directors' Mandate

Appendix E - Code of Governance Practice

Appendix F - Charter of Expectations for Directors

Appendix G - Mandate of the Audit Committee (Schedule)

Appendix H - Mandate of the Human Resources and Corporate Governance Committee

Appendix I - Employee Code of Conduct

Appendices J and K - Stepping Stool Program Objectives & Payments 2018

Schedule A – Corporate By-Law No 8 - Advance Notice By-Law

Schedule B - Shareholder Proposal

**APPENDIX A  
LINAMAR CORPORATION (THE “CORPORATION”)  
MAJORITY VOTING POLICY**

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In this policy, an “uncontested election” shall mean an election at a meeting of shareholders of the Corporation at which the number of nominees for Director shall be equal to the number of Directors to be elected. In a contested election, this policy shall not apply and nominees shall be elected by plurality voting.

In an uncontested election of Directors, where a nominee for Director (the “**Subject Director**”) is not elected by at least a majority (50% + 1 vote) of the votes cast with regard to his or her election, the Subject Director must immediately tender his or her resignation to the board of directors (the “**Board**”). The Board shall, within 90 days after the shareholders’ meeting, determine whether to accept the Subject Director’s resignation, which resignation should be accepted absent exceptional circumstances. The resignation shall become effective when accepted by the Board.

As soon as practicable following the Board’s decision whether or not to accept the resignation of the Subject Director:

- (a) the Corporation shall issue a press release announcing the Board’s decision including, in the case of the Board not accepting the resignation, fully stating the reasons for such decision (and will provide a copy of the press release to the TSX, and
- (b) the Board may: (i) leave the resultant vacancy in the Board unfilled until the next annual meeting of shareholders of the Corporation; (ii) fill the vacancy through the appointment of a Director whom the Board considers to merit the confidence of the shareholders of the Corporation; or (iii) call a special meeting of the shareholders of the Corporation to consider the election of a nominee recommended by the Board to fill the vacant position.

The Subject Director shall not participate in that part of any meeting of the Human Resources and Governance Committee, if he or she is a member of that committee, or the Board, at which the resignation is considered. However, the Subject Director shall remain active and engaged in all other Human Resources and Governance Committee (if applicable) and Board and other applicable Board committee activities, deliberations and decisions during this process.

This policy, on an annual basis, shall be fully described in the Corporation’s materials sent to shareholders of the Corporation in connection with a meeting at which Directors are to be elected. Following any uncontested meeting at which Directors are elected, the Corporation shall issue a news release disclosing the detailed voting results for each director candidate, which shall include one of the following:

- (a) the percentages of votes received “for” and “withheld” for each director;
- (b) the total votes cast by ballot with the number each director received “for”; or
- (c) the percentages and total number of votes received “for” each director.

If a formal count is not conducted, at least the votes represented by proxy that would have been withheld from each nominee if a ballot had been called, shall be disclosed.

The Board may at any time in its sole discretion supplement or amend any provision of this policy in any respect, subject to compliance with the requirements of the Toronto Stock Exchange. The Board will have the exclusive power and authority to administer this policy, including without limitation the right and power to interpret the provisions of this policy and make all determinations deemed necessary or advisable for the administration of this policy. All such actions, interpretations and determinations which are done or made by the Board in good faith will be final, conclusive and binding.

**Approved by the Board of Directors on August 8, 2018.**

## APPENDIX B

### LINAMAR CORPORATION (THE "CORPORATION")

#### Corporate Governance Practices

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As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange ("TSX"), the Corporation has in place corporate governance practices that are consistent with the requirements of National Policy 58-201-*Corporate Governance Guidelines* and National Instrument 58-101-*Disclosure of Corporate Governance Practices*, which are the initiatives of the Canadian Securities Administrators ("CSA") and which supplant the previous Toronto Stock Exchange corporate governance guidelines.

The Corporation recognizes that its governance practices must evolve to respond to changes in the regulatory environment. Many regulatory changes have come into effect in the past years, including rules issued by the CSA relating to audit committees and disclosure of corporate governance practices. The Corporation is regularly adjusting its governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to its governance practice if need be.

On December 31, 2014, certain amendments to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* came into force in various Canadian jurisdictions, including Ontario. As a result of such amendments, the continuous disclosure documents of reporting issuers must provide information annually on the following:

- The term limits and other mechanisms of renewal of the board of directors;
- Written policies on the representation of women of the board of directors;
- How the board or nominating committee considers the representation of women on the board in identifying and nominating candidates for selection and election to the board;
- Whether the issuer considers the level of representation of women in executive officer positions when making executive officer appointments;
- Targets regarding the representation of women on the issuer's board and in executive officer positions;

With respect to the Company and its major subsidiaries, the number and percentage of directors and executive officers who are women, please see page 19 of this Circular for the Corporation's disclosure as to this requirement.

#### Corporate Governance Disclosure

The following compares the Corporation's governance practices against National Policy 58-201 and National Instrument 58-101 as required under Form 58-101 F1 *Corporate Governance Disclosure*.

##### 1. Board of Directors

(a) Disclose the identity of Directors who are independent.

The Board of Directors is composed of 6 persons: of those persons, Dennis Grimm, William Harrison and Terry Reidel are independent.

(b) Disclose the identity of Directors who are not independent, and describe the basis for that determination.

The Directors who are not independent are Frank Hasenfratz, Linda Hasenfratz and Mark Stoddart.

Frank Hasenfratz, the Chairman of the Board is considered a related Director as he is an executive officer of the Corporation, a significant shareholder and the father of the Chief Executive Officer. Linda Hasenfratz is considered related as she is the Chief Executive Officer of the Corporation and daughter of the Chairman of the Board. Mark Stoddart is considered a related Director as he is the Chief Technology Officer and Executive Vice President of Marketing for the Corporation and the son-in-law of the Chairman of the Board.

(c) Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the Board of Directors (the "Board") does to facilitate its exercise of independent judgment in carrying out its responsibilities.

One half of Linamar's Directors, three of six, are Independent Directors as defined in National Instrument 52-110 of the Canadian Securities Administrators.

The Board takes several measures to facilitate the exercise of independent judgment. The two Committees of the Board are comprised entirely of Independent Directors and, at every Committee meeting, as well as at every Board meeting, "*in camera*" sessions of the Independent Directors in the absence of the non-Independent Directors and senior executives of the Corporation are held. The Board has set out its roles and responsibilities in formal charters, as well as adopting a Code of Governance Practices and Charter of Expectations for Directors. The full text of these can be promptly provided upon written request or found at Appendices B through F of this Circular. These documents are reviewed annually to ensure they reflect best practices and are in compliance with applicable regulatory requirements. In addition, outside experts are brought in to various Board meetings for continuing education on topics related to the Corporation. Monies are also set aside for Directors to attend conferences and seminars as they deem appropriate to further their knowledge and ability to carry out their responsibilities.

(d) 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 other issuer.

See the description of Directors' tenure as members of other corporate boards at pages 10 to 13 of this Circular.

(e) Disclose whether or not the Independent Directors hold regularly scheduled meetings at which non-Independent Directors and members of management are not in attendance. If the Independent Directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the Independent Directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its Independent Directors.

Independent Directors hold "*in camera*" sessions, in the absence of non-Independent Directors or senior executives of the Corporation, at every regularly scheduled Board and committee meeting. For fiscal 2018, the Board held five regularly scheduled meetings, each having an agenda which specifically provided for an "*in camera*" session.

The two Committees of the Board are composed entirely of Independent Directors and, as with the Board meetings, each Committee meeting has an agenda which specifically provides for an "*in camera*" session. In fiscal 2018, four such Audit Committee meetings were held and four such HRCG Committee meetings were held.

(f) Disclose whether or not the Chair of the Board is an Independent Director. If the Board has a chair or lead Director who is an Independent Director, disclose the identity of the independent chair or lead Director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead Director that is independent, describe what the Board does to provide leadership for its Independent Directors.

The Chairman of the Board and founder of the Corporation, Frank Hasenfratz, is not an Independent Director. The Chairman of the two Board Committees, as well as the entire composition of the two Committees, are Independent Directors. In addition, "*in camera*" sessions of the Independent Directors are provided for at each regularly scheduled Board meeting and are always held in the absence of non-Independent Directors and management. Feedback from the "*in camera*" sessions is then brought to the attention of the Chairman of the Board and/or the Chief Executive Officer by one of the Independent Directors. A Director-Peer Feedback process was implemented in 2003. The HRCG Committee, comprised entirely of Independent Directors, surveys Directors to provide feedback on the effectiveness of the Board. The Committee assesses the operation of the Board and the Committees, the adequacy of information given to Directors, communication between the Board and management and the strategic direction and processes of the Board and Committees. The Committee also assesses the performance of the Chief Executive Officer and the Chairman of the Board.

(g) Disclose the attendance record of each Director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

See the full attendance record of each Director for each of the Board and its Committees at page 10-13 of this Circular.

## 2. Board Mandate

Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The Board, either directly or through Board committees, is responsible for management and supervision of the business and affairs of the Corporation with the objective of enhancing shareholder value.

The roles and responsibilities of the Board and each of its committees are set out in formal written charters (the full text of which can be promptly provided upon written request or found at Appendices B through F of this Circular which Circular is available on SEDAR at [www.sedar.com](http://www.sedar.com)). These charters are reviewed annually to ensure they reflect best practices and are in compliance with applicable regulatory requirements.

### 3. Position Descriptions

(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

The Board has developed written position descriptions for the Chairman of the Board and each Committee chair.

(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

The Board has developed a written position description for the Chief Executive Officer.

### 4. Orientation and Continuing Education

(a) briefly describe what measures the Board takes to orient new Directors regarding:

- (i) the role of the Board, its committees and its Directors, and
- (ii) the nature and operation of the issuer's business.

The Corporation has an orientation and education program in place for new Directors. All new Directors receive an Orientation Manual containing a record of historical public information about the Corporation, as well as the charters of the Board and committee mandates, copies of all Board governance documents and other relevant corporation and business information. The orientation also includes a thorough review of key issues facing the Corporation, a review of corporate strategy and plans, a snapshot of current performance, a familiarization with Board documents and information sources and a tour of the Corporation's various facilities.

(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its Directors. If the Board does not provide continuing education, describe how the Board ensures that its Directors maintain the skill and knowledge necessary to meet their obligations as Directors.

Time is allocated at various Board meetings throughout the year for continuing education on topics related to the business of the Corporation. On occasion, outside experts are brought in as part of that process. In addition, monies are set aside for members to attend conferences and seminars as they deem appropriate to further their ability to fulfill their roles as a Director of the Corporation.

### 5. Ethical Business Conduct

(a) Disclose whether or not the Board has adopted a written code for the Directors, officers and employees. If the Board has adopted a written code:

- (i) disclose how a person or company may obtain a copy of the code;
- (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and

(i) The Board has adopted a Code of Governance Practices and Charter of Expectations for Directors. The full text of these can be promptly provided upon written request or found at Appendices B and F of this Circular.

(ii) As well, Linamar's officers and employees are subject to the provisions of the Corporation's Code of Conduct (the full text of which can be promptly provided upon written request or found at Appendix I of this Circular).

The Code of Governance Practices and Charter of Expectations for Directors, and Code of Conduct provide a framework for Directors, officers and employees on the conduct and ethical decision-making integral to their work. The Board,

how the Board satisfies itself regarding compliance with its code; and

(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a Director or executive officer that constitutes a departure from the code.

(b) Describe any steps the Board takes to ensure Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest.

(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

through its HRCG Committee, reviews the implementation and respect of these three documents throughout the Corporation.

(iii) There has been no material change reports filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a Director or executive officer that constitutes a departure from the Code of Governance Practices, Charter of Expectations or Code of Conduct.

The Corporation's Code of Governance Practices states clearly that Directors and executive officers should avoid any transaction or event that could potentially create a conflict of interest. Should an event or a transaction occur in respect of which a Director or executive officer has a material interest, full disclosure to the Board is required and such Director must abstain from voting on any such matter. In addition, every Board meeting agenda has a specific item requiring any Director at the outset of the meeting to declare a conflict of interest with any item existing on the agenda. The Company also implemented an Anti-Bribery and Corruption Policy that the HRCG Committee reviews quarterly.

The Corporation's Code of Conduct, Code of Governance Practices and Charter of Expectations for Directors, together with statements included in the Board and Committee mandates encourage and promote an overall culture of ethical business conduct. The Board's adherence to these measures and principles also encourages ethical business conduct throughout the Corporation. In 2006, the Board approved a Whistleblower Policy and Procedure whereby any employee is able to anonymously report any financial related behaviour they believe may be in violation of any law, to an independent third party for investigation.

## 6. Nomination of Directors

(a) Describe the process by which the Board identified new candidates for Board nomination.

The HRCG Committee is responsible for assisting the Board in identifying qualified individuals who would be suitable nominees for election to the Board. To accomplish this duty, the Committee and the full Board:

(i) assesses the composition and size of the Board and, in doing so, reviews the breadth and diversity of experience of the Directors by having created and updated, on a yearly basis, a competency matrix that sets out the current areas of expertise of the Board;

(ii) identifies the challenges facing the Corporation; and

(iii) approaches competent nominees.

Prior to agreeing to join the Board, new Directors are given a clear indication of the workload and time commitment required.

(b) Disclose whether or not the Board has a nominating committee composed entirely of Independent Directors. If the Board does not have a nominating committee composed entirely of Independent Directors, describe what steps the Board takes to encourage an objective nomination process.

The HRCG Committee is composed exclusively of Directors who are independent and acts as the nominating committee when Board positions are required to be filled.

(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The mandate of the HRCG Committee, which describes the responsibilities, powers and operation of the nominating committee can be promptly provided upon written request or found at Appendix H of this Circular.

## 7. Compensation

(a) Describe the process by which the Board determines the compensation for the issuer's Directors and officers.

The HRCG Committee of the Board annually reviews the compensation paid to Directors, the Chair of the Board and the Chief Executive Officer. In doing so, the Committee takes into account any factors it deems appropriate, such as the Corporation's performance and operating criteria, the value of similar compensation levels to persons holding comparable positions at comparable companies and the compensation levels given in prior years, as well as other factors that may be relevant from time to time. With respect to officers of the Corporation, the Committee reviews, approves and recommends to the Board the adoption of a compensation strategy for the Corporation. Please refer to the Compensation Discussion & Analysis at page 23-26.

(b) Disclose whether or not the Board has a compensation committee composed entirely of Independent Directors. If the Board does not have a compensation committee composed entirely of Independent Directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The HRCG Committee is composed entirely of Independent Directors.

(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The HRCG Committee's mandate, which describes the responsibilities, powers and operation of the compensation committee can be promptly provided upon written request or found at Appendix H of this Circular.

(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's Directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No such consultant was retained during the Corporation's most recently completed financial year.

## 8. Other Board Committees

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has no other standing committees other than those of the Audit Committee and the HRCG Committee.

## 9. Assessments

Disclose whether or not the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board

A Director-Peer Feedback process was implemented in 2003. The HRCG Committee, comprised entirely of Independent Directors, surveys Directors to provide feedback on the effectiveness of the Board and individual Directors. The Committee assesses the operation of the Board and the Committees, the adequacy of information given to Directors, communication between the Board and management, the Director-Peer Feedback information results and the strategic direction and processes of

satisfies itself that the Board, its committees, and its individual Directors are performing effectively.

the Board and Committees. The full Board discusses the Peer-Feedback survey results in order to identify improvements to address any areas requiring attention. The Committee also assesses the performance of the Chairman of the Board as well as the Chief Executive Officer.

**APPENDIX C**  
**LINAMAR CORPORATION (THE "CORPORATION")**  
**Board of Directors' Skills Matrix**

BOARD COMPETENCY MATRIX							
Director Self Assessment							
Categories of Self-Assessment							
0 - no relevant training or experience (i.e. competency)							
1 - some training or experience							
2 - medium training and/or experience							
3 - a great deal of training and/or experience							
Summary							
	FRANK HASENFRATZ	LINDA HASENFRATZ	MARK STODDART	DENNIS GRIMM	TERRY REIDEL	BILL HARRISON	
Self Assessment							
<b>Enterprise Leadership</b>							
CEO/Large Unit							
Active							
Experience "Under Fire"							
Large Organization							
<b>Functional Capabilities</b>							
Financial							
Financial Expert							
Sales & Marketing							
Strategy							
Mergers & Acquisitions							
Manufacturing							
Human Resources							
Information Technology							
Legal/Regulatory							
<b>Market Knowledge</b>							
US							
Canada							
China							
Korea							
Mexico							
Europe							
South America							
Global							
Financial Services							
Retail/Consumer Products							
Industrial/Commercial							
Energy							
Access							
Automotive							
IT/Telecom							
Public Sector							
Resources Sector							
<b>Board Experience</b>							
Large Public Board							
Committee Chair							
Board Chair							
<b>Relationships</b>							
NA Automotive Manufacturers							
European Automotive Manufacturers							
Asian Automotive Manufacturers							
Commercial Vehicle Mfgs.							
Energy Customers							
Access Customers							
<b>Political Connections</b>							
Canada							
US							
Europe							
Asia							
<b>General</b>							
Female							
Minority							
Canadian							
American							
Asian							
European							
Independent							
Recognizable to Market							

**APPENDIX D**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Board of Directors Mandate**

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**Mission**

To be a strategic asset of the organization measured by the contribution the Directors make – individually and collectively – to the long-term success of the enterprise.

The Board of Directors has a dual role to all shareholders of oversight and advisory.

In discharging this duty, the Board has the following overall stewardship responsibilities.

**Board**

- Planning Board size and composition, establishing committees, determining director compensation, evaluating and selecting candidates for election.
- Maintaining a formal orientation and education program for new directors, and ongoing programs for all directors.
- Assessing its own effectiveness and the effectiveness of individual directors.

**Senior Management**

- Selecting and evaluating the performance of the Chief Executive Officer.
- Delegating to management powers to manage the Corporation.
- Overseeing succession planning for senior management positions.
- Approving the compensation of the Chairman and the Chief Executive Officer.
- Approving the compensation strategy and program of the management of the corporation.
- Advising and counseling the Chief Executive Officer.

**Strategy**

- Approving the Corporation’s vision and mission statements.
- Reviewing the effectiveness of the strategic planning process, approving business objectives and strategic plans.
- Monitoring corporate performance against these statements, objectives and plans.

**Risk Management, Capital Management and Internal Control**

- Reviewing, approving and monitoring adherence to policies and procedures for the management and control of risk, including capital management, and the internal control and management information systems that provide reasonable assurance as to the reliability of the Corporation’s financial information and the safeguarding of its assets.
- Reviewing compliance with legislative and regulatory requirements, and monitoring compliance with the Code of Business Conduct.

**Material Transaction**

- Reviewing and approving material investments and transactions such as establishment and closure of plants, acquisitions and divestitures and establishment of joint ventures.

**APPENDIX D**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Board of Directors Mandate**

---

*Financial Reporting*

- Reviewing and approving the annual and quarterly financial statements and management discussion and analysis.
- Appointment of auditors and approving their compensation.

*Communication*

- Reporting the financial results to shareholders and other stakeholders.
- Approving policies with regard to confidentiality of information and securities trading by employees, corporate communications, public disclosure and reappointment of auditors.

*Other*

- Performing such other functions as prescribed by law or as assigned to the Board in the Corporation’s governing documents.

**Approved by the Board of Directors** on August 8, 2018.

**APPENDIX E**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Code of Governance Practices**

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**1. Charter of Expectations**

The Company has adopted a charter of expectations which sets out the specific responsibilities to be discharged by the Company’s Directors, as well as the characteristics expected of directors (attachment).

**2. Term of Office**

Directors of the Corporation are nominated and elected on an annual basis for a one year term of office. Nomination for election or re-election is determined in consultation with the Chairman of the Board and the Human Resources Corporate Governance Committee, and is based on the expected contribution of each Director to Board effectiveness. Contribution is assessed in part on a Director Peer Feedback Process conducted annually by the Human Resources Corporate Governance Committee of the Board.

The Board has established a retirement date for Directors which is the date of the Annual Meeting of the Corporation following the director’s 70<sup>th</sup> birthday. Exceptions to this rule will be evaluated in consultation with the Chairman, Chief Executive Officer and Human Resources Corporate Governance Committee.

**3. Attendance at Board & Committee Meetings**

Each director is expected to attend all meetings of the Board, as well as all meetings of the Board Committees of which the director is a member. The Board recognizes that additional meetings may need to be scheduled on short notice when participation by all directors may not be possible. In addition, directors may not be able to attend meetings from time to time for medical reasons or due to other unusual circumstances. The Human Resources Corporate Governance Committee reviews the attendance of directors each year. Any director who does not, in two consecutive years, attend at least 75% of the regularly scheduled meetings of the Board and the Committees to which he/she is assigned, must tender a written offer to resign to the Chairman of the Board, who in consultation with the Human Resources Corporate Governance Committee will make a recommendation for acceptance or rejection by the Board. It should be noted that it is our practice to report director attendance in our yearly Management Information Circular.

**4. Change of Occupation**

Directors whose principal employment changes materially from that which they held when elected to the Board (including retirement from their principal employment) must tender a written offer to resign to the Chairman of the Board, who in consultation with the Human Resources Corporate Governance Committee will make a recommendation for acceptance or rejection by the Board. The Board is not of the view that directors in such circumstances must always leave the Board, however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances.

**5. Conflict of Interest**

A director’s business or personal relationships may occasionally give rise to a material personal interest in a business matter or relationship of the Corporation that conflicts, or appears to conflict, with the interests of the Corporation. In such circumstances, the issue should be raised with the Chairman and the Chief Executive Officer. Appropriate steps will then be taken to determine whether an actual or apparent conflict exists, and in accordance with statutory requirements, determine whether it is necessary for the director to be excused from discussions on the issue.

In addition, each director must ensure that he/she is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from holding shares of the Corporation. Directors who are also members of management of the Corporation are recognized by statute as being “affiliated” directors.

**APPENDIX E**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Code of Governance Practices**

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**6. Orientation of New Directors**

The Corporation has formal orientation and education arrangements for new members of the Board. This orientation begins with meetings with the Chief Executive Officer, followed by meetings or briefing sessions with selected company executives. A new director will be provided with a range of written materials including those which outline the organization of the Board and its Committees, the powers and duties of directors, the Board of Directors Mandate, the Charter of Expectations for Directors, the Committee Mandates and this Code of Governance Practices for directors.

Management will also review the current corporate strategy with the new director, and will arrange site visits as well as private meetings with members of management, as requested by the director. The director will also be provided the information on the products and services provided by the Corporation in each of the Territories in which it carries on business, as well as a review of the financial statements of the Corporation including a copy of current commentary on the Corporation from outside investment analysts.

**7. Personal Liability of Directors**

In discharging their duties, directors of the Corporation are required by statute to act honestly and in good faith with a view to the best interests of the Corporation, and they may incur personal liability if they breach such duties. In addition, directors may incur personal liability if they fail to meet a certain standard of performance – the general requirement being that directors must exercise the care, diligence and skill that reasonably prudent person would exercise in comparable circumstances. Directors also have potential liability under certain statutes in the various jurisdictions in which the Corporation carries on business.

To protect directors who have discharged their duties within the law. The Corporation maintains Directors & Officers indemnity insurance on behalf of all directors.

**8. Share Ownership**

Each outside director of the Corporation is required to acquire and own common shares in the Corporation equal in value to three times the annual retainer paid to outside directors by the Corporation. Furthermore, each outside director will have five years from his or her initial appointment to the Board to attain that level of shareholdings.

**9. Interaction with the Media**

The Board believes that it is the responsibility of management, rather than members of the Board, to speak on behalf of the Corporation. From time to time, directors may be requested by the media, or by institutional investors, shareholders, customers or policyholders, to discuss certain issues on behalf of the Corporation. Any director to whom such a request is made should review the request with the Chairman and Chief Executive Officer of the Corporation before responding.

**Approved by the Board of Directors on November 7, 2018.**

**APPENDIX F**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Charter of Expectations for Directors**

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To execute the board’s mandate, directors must possess certain characteristics and traits:

**Integrity and Accountability**

- Directors must demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on – and remain accountable for – their boardroom decisions.

**Informed Judgment**

- The ability to provide wise, thoughtful counsel on a broad range of issues ranks high among the qualities required in directors.
- A knowledge of local, national and international business issues is a key element in this regard.

**Financial Literacy**

- Directors must have a high level of financial literacy. They should know how to read financial statements, and they should understand the use of financial ratios and other indices for evaluating company performance.

**Mature Confidence**

- *Teamwork*  
Directors who value Board and team performance over individual performance, and who possess respect for others, facilitate superior Board performance.
- *Communication*  
Openness to others’ opinions and the willingness to listen should rank as highly as the ability to communicate persuasively. Directors must approach others assertively, responsibly and supportively, and be willing to raise tough questions in a manner that encourages open discussions.

**Track Record and Experience**

- In today’s highly competitive world, only companies capable of performing at the highest levels are likely to prosper. Directors must bring a history of achievement that reflects high standards for themselves and others.

**Approved by the Board of Directors on November 7, 2018.**

## **APPENDIX G**

### **LINAMAR CORPORATION (THE “CORPORATION”)**

#### **Mandate of the Audit Committee**

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##### Purpose of Audit Committee

The Audit Committee has been formed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee’s primary duties and responsibilities are to:

- review and report to the Board on the financial statements, related MD&A and other financial disclosures of the Company;
- monitor the integrity of the financial reporting process and system of internal controls in respect of the Company’s financial reporting and accounting compliance;
- monitor the management of the principal risks that could impact the financial reporting and related disclosure of the Company; and
- monitor the independence, qualifications and performance of the Company’s external auditors and internal auditing department.
- monitor the Company’s compliance with legal and regulatory requirements in all jurisdictions in which the Company carries on business.
- establish and monitor procedures for adherence to reporting requirements.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and has direct access to the external auditors as well as any officer or employee of the Company.

##### Audit Committee Composition, Meetings and Organization

###### **Composition:**

The Audit Committee members shall meet the requirements of the *Business Corporations Act* (Ontario) (the “OBCA”) and National Instrument 52-110. The Audit Committee shall be comprised of three or more directors as determined by the Board, a majority of whom must be resident Canadians (as defined in the OBCA), each of whom shall be independent directors (as defined in Schedule “A”) and none of whom shall be officers or employees of the Company or its affiliates. All members of the Audit Committee shall be financially literate (as defined in Schedule “A”). A director who is not financially literate may be appointed to the Audit Committee provided that such director becomes financially literate within a reasonable period of time following his or her appointment.

###### **Appointment of Members and Chair:**

Members of the Audit Committee shall be appointed by the Board on the recommendation of the Human Resources and Corporate Governance Committee and shall serve at the pleasure of the Board, or until the close of the next annual meeting of shareholders of the Company. If the Chair of the Audit Committee is not designated or present at a duly called meeting of the Audit Committee, the members of the Audit Committee may designate a Chair by a majority vote of the Audit Committee membership.

###### **Meetings:**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit

**APPENDIX G**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Mandate of the Audit Committee**

---

Committee Chair, any member of the Audit Committee, the external auditors or the Chairman of the Board may, with reasonable notice, call a meeting of the Audit Committee by notifying the secretary of the Board who will notify the members of the Audit Committee. The external auditors are entitled to receive notice of every meeting of the Audit Committee and to attend and be heard at such meetings. A majority of the members of the Audit Committee shall constitute a quorum. The Audit Committee Chair shall prepare and approve an agenda in advance of each meeting.

The Audit Committee should meet privately at least annually with management, the external auditors, and as a committee to discuss any matters that the Audit Committee or any of these groups believe should be discussed.

**Access to Outside Advisors:**

The Audit Committee shall have the authority to retain external legal counsel and other advisors to assist it in fulfilling its responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

Audit Committee Responsibilities and Duties

The Audit Committee shall have the duties and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board. In addition to these duties and responsibilities, the Audit Committee shall perform the duties required of the Audit Committee by the OBCA, binding requirements of the stock exchanges on which the securities of the Company are listed and all other applicable laws. The Audit Committee may designate a sub-committee to review any matter within this Mandate.

**Review Procedures**

The Audit Committee shall review and report to the Board on the Company’s annual audited financial statements, unaudited quarterly financial statements, related MD&A, annual and interim earnings press releases and other related financial disclosures (including financial disclosures of the Company provided in prospectuses) prior to filing or distribution. The Audit Committee’s review should include discussions with management and the external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments.

At least annually, in consultation with management and the external auditors, the Audit Committee shall consider the integrity of the Company’s financial reporting processes and internal controls. The Audit Committee shall discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. The Audit Committee shall also review significant findings prepared by the external auditors together with management’s responses.

The Audit Committee shall review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and the steps Management has taken to monitor, control and report thereon and provide the Audit Committee’s view to the Board.

The Audit Committee shall review and assess the adequacy of this Mandate at least annually and submit this Mandate to the Board for approval.

The Audit Committee will review any material changes in accounting standards and securities policies or regulation relevant to the Company’s financial statements.

The Audit Committee shall review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.

**APPENDIX G**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Mandate of the Audit Committee**

---

The Audit Committee shall review the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Company’s quarterly and annual consolidated financial statements.

The Committee shall review annually a letter of certification from the Chief Executive Officer on the Company’s compliance with the Code of Conduct.

**External Auditors**

The Audit Committee is responsible for overseeing the work of the external auditors who report directly to the Committee. The Audit Committee shall, at least annually, review the independence and performance of the external auditors, including the qualifications and performance of the lead partners of the external auditors, and recommend to the Board the appointment and the compensation of the external auditors or approve any discharge of the external auditors when circumstances warrant.

The Audit Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditors.

At least annually, the Audit Committee shall review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors’ independence.

At least annually, the Audit Committee shall review the external auditors’ audit plan and discuss and approve the audit scope, staffing, locations, reliance upon management, and general audit approach.

Prior to releasing the year-end financial results, the Audit Committee shall discuss the results of the audit with the external auditors and discuss any matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.

The Audit Committee shall consider the external auditors’ judgments about the quality and appropriateness of the Company’s accounting principles as applied in the Company’s financial reporting.

The Audit Committee shall review with the external auditors any audit problems or difficulties and management’s response thereto.

**Internal Audit Department and Compliance**

At least annually, the Audit Committee shall review the independence of the internal audit department from management and review any difficulties encountered by the internal audit department in the course of its internal audit.

At least annually, the Audit Committee shall 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 government agencies.

At least annually, the Audit Committee shall review the report on compliance with the Company’s Code of Conduct and any instances of material deviation therefrom with corrective actions taken.

**Other Audit Committee Responsibilities**

At least annually, the Audit Committee shall assess its effectiveness and each of its members against this Mandate and report the results of the assessment to the Board.

**APPENDIX G**  
**LINAMAR CORPORATION (THE "CORPORATION")**  
**Mandate of the Audit Committee**

---

At least annually, the Audit Committee shall disclose this Mandate to shareholders, as required by applicable law.

The Audit Committee shall maintain minutes of its meetings and periodically report to the Board on significant results of its activities and deliberations.

The Audit Committee shall review senior financial and accounting personnel succession planning within the Company.

The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company. This policy is defined in the Standard Practice Manual, # 4-000X.

The Audit Committee shall receive reports from management in respect of procedures established for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters and from the IT Security Committee.

The Chair of the Audit Committee shall coordinate orientation and continuing director development programs relating to this Mandate for Audit Committee members.

Currency of the Audit Committee Mandate

**Approved by the Board of Directors on August 8, 2018.**

## SCHEDULE "A"

### Definitions

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#### Definitions<sup>1</sup>:

##### Meaning of Independence --

1. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company.
2. For the purposes of Section 1, a material relationship means a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.
3. Despite Section 2, the following individuals are considered to have a material relationship with the Company:
  - a. an individual who is, or has been within the last three years, an employee or executive officer of the Company;
  - b. an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
  - c. an individual who is a partner or employee of a firm that is the internal or external auditor of the Company, or was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
  - d. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual, is a partner or employee of a firm that is the internal or external auditor of the Company; or is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
  - e. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serve or served at that same time on the entity's compensation committee; and
  - f. an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than \$75,000 in direct compensation from the Company during any 12 month period within the last three years;
  - g. an individual who:
    - i. accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or
    - ii. is an affiliated entity of the Company or any of its subsidiary entities.

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<sup>1</sup> Derived from National Instrument 52-110 – Audit Committees

## SCHEDULE "A"

### Definitions

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4. Despite Section 3, an individual will not be considered to have a material relationship with the Company solely because:
  - a. he or she had a relationship identified in Section 3 if that relationship ended before March 30, 2004; or
  - b. he or she had a relationship identified in Section 3 by virtue of Section 9.
5. For the purposes of Sections 3(c) and (d), a partner does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued service.
6. For the purposes of Section 3(f), direct compensation does not include (i) any remuneration for acting in his or her capacity as a member of the Board of Directors or any Board committee or (ii) any fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.
7. For the purposes of Section 3(g):
  - a. the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
    - i. an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
    - ii. an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any subsidiary entity of the Company; and
  - b. compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.
8. Despite Section 3, a person will not be considered to have a material relationship with the Company solely because he or she:
  - a. has previously acted as an interim Chief Executive Officer of the Company; or
  - b. acts, or has previously acted, as a chair or vice-chair of the Board of Directors or any Board committee on a part-time basis.
9. For the purposes herein (other than Sections 3(g) and (7), reference to the Company includes a subsidiary entity of the Company.

Meaning of Financial Literacy -- 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 Company's financial statements.

**APPENDIX H**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Mandate of the Human Resources and Corporate Governance Committee**

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Purpose of the Committee:

The Committee assists the Board of Directors by:

- Reviewing the effectiveness with which the Corporation meets its obligations pertaining to the Human Resources, Corporate Governance, Environment, Health & Safety, and Capital Accumulation Plans.
- Reviewing the effectiveness with which the Corporation: (a) establishes appropriate Human Resources, Corporate Governance, Environment, Health & Safety, and Capital Accumulation Plan policies; and (b) has and maintains management systems to implement such policies and monitor compliance therewith.
- Establishing and monitoring adherence to procedures for identifying and entering into transactions with related parties, including procedures for the identification of potential conflicts of interest and resolution thereof.

The Committee does not have decision making authority, except where and to the extent that such authority is expressly delegated by the Board of Directors. The Committee conveys its findings and recommendations to the Board of Directors for consideration and, where required, action by the Board of Directors.

As the Committee is responsible for Linamar global operations all reports to the Board must clearly include data for all geographical locations and the reporting of such must contain reference to legal and regulatory standards for those jurisdictions.

Composition & Organization:

The Human Resources and Corporate Governance Committee of the Board of Directors shall consist of a minimum of three Directors. Members of the Committee shall be appointed and may be removed by the Board of Directors. All members of the Committee shall be independent Directors.

Responsibilities & Duties:

A. Corporate Governance

The Committee shall assist the Board in identifying qualified individuals to become Board members, in determining the composition of the Board of Directors and its Committees, in monitoring a process to assess Board effectiveness and in developing and implementing the Company's corporate governance guidelines.

In furtherance of this purpose, the Committee shall have the following authority and responsibilities:

1. To participate in the search for individuals qualified to become members of the Board of Directors and to select Director nominees to be presented for shareholder approval at the annual meeting. The Committee shall recommend individuals as Director nominees who shall have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the shareholders.
2. To review the Board of Directors' Committee structure and to recommend to the Board for its approval Directors to serve as members of each Committee. The Committee shall review and recommend Committee slates annually and shall recommend additional Committee members to fill vacancies as needed.

**APPENDIX H**  
**LINAMAR CORPORATION (THE “CORPORATION”)**  
**Mandate of the Human Resources and Corporate Governance Committee**

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3. To develop and recommend to the Board of Directors for its approval a set of corporate governance guidelines. The Committee shall review the guidelines on an annual basis, or more frequently if appropriate, and recommend changes as necessary.
4. To develop and recommend to the Board of Directors for its approval an annual evaluation process of the Board and its Committees. The Committee shall oversee the annual evaluations.
5. To review on an annual basis Director compensation and benefits.
6. The Committee shall review annually a letter of certification from the Chief Executive Officer on the Company's compliance with the Code of Conduct.
7. At least annually, the Human Resources and Corporate Governance Committee shall:
  - a) review a summary of related party transactions and potential conflicts of interest of directors and officers of the Company;
  - b) review the practices of the Company to identify any transactions with related parties; and
  - c) monitor the procedures established to identify and resolve conflicts of interest.

**B. Executive Compensation**

1. With respect to matters of compensation of the Executive Chair of the Board and the Chief Executive Officer (CEO), the Committee shall:
  - 1(a) Review and approve periodically, but no less frequently than annually, the Company's goals and objectives relevant to compensation of the Executive Chair of the Board and the CEO, including the balance between short-term compensation and long-term incentives;
  - 1(b) Evaluate the performance of the Executive Chair of the Board and the CEO in light of those goals and objectives; and
  - 1(c) Determine and approve the compensation level of the Executive Chair of the Board and the CEO based on such evaluations.
  - 1(d) In determining compensation, the Committee shall consider, among other factors it deems appropriate from time to time, the Company's performance and operating criteria during such periods as the Committee may deem appropriate, the value of similar compensation levels to persons holding comparable positions at comparable companies and the compensation levels given to the CEO in prior years. The Executive Chair of the Board shall be responsible for communicating to the CEO the evaluation of the performance and the level of compensation approved for the CEO.
2. Review, approve, and recommend to the Board the adoption of a compensation strategy for the company.
3. Annually review, approve and recommend to the Board of Directors, the Report on Executive Compensation for inclusion in the management proxy circular for the annual general meeting of Shareholders.
4. Review, approve, and recommend to the Board any stock option issue proposed by management.
5. Oversee the administration of the Stock Option Plan.

C. Environmental, Health & Safety (EH&S)

1. Monitor the adequacy of the Corporation's system of internal controls in the areas of environment, health and safety.
2. Review and formulate recommendations to the Board of Directors with respect to the Corporation's strategies and policies pertaining to environment, health and safety.
3. Monitor emerging trends or issues pertaining to the environment, health and safety which are relevant to the Corporation.
4. Review the findings of any significant examination by (i) regulatory agencies; and (ii) external environmental, health and safety auditors; concerning the Corporation's environmental, health and safety matters.
5. Review quarterly, annual and other management reports to the Committee or the Board of Directors with respect to the Corporation's environmental, health and safety performance and issues.
6. Review and/or approve such other matters related to environmental, health and safety as are specifically delegated to it by the Board of Directors.
7. Report quarterly to the Board of Directors with respect to the foregoing matters, at each meeting of the Board with respect to any such matter of significance, and at any other time deemed appropriate by the Committee or upon request of the Board of Directors.

D. Succession Plan

Succession Planning and Organizational Change

1. Annually review the succession planning process and the succession plans for Senior Executive and Group Presidents roles including specific focus on the development and career planning for potential successors;
2. Review significant changes to the organization's structure as they arise and their impact on the Executive roles;

E. Capital Accumulation Plans Governance

1. The Committee will oversee the duties of the Capital Accumulation Plans Committee. .
2. The Committee will review all reports and recommendations from the Capital Accumulation Plans Committee and make the appropriate recommendations to the Board.

F. Insurance

1. On at least an annual basis, the Committee shall review the overall insurance portfolio of the Company, which review shall specifically include, inter alia, D&O coverage, product recall, environmental, cybersecurity, and product liability coverage.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

The Committee shall report its actions and recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this mandate and recommend any proposed changes to the Board for approval.

**Approved by the Board of Directors on August 8, 2018.**

**APPENDIX I  
EMPLOYEE CODE OF CONDUCT LINAMAR CORPORATION  
(THE “CORPORATION”)**

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**1.0 Goal**

- 1.1 Establish the standards for ethical behavior expected of Linamar employees as detailed in the following areas:
- Relations with Suppliers, Dealers and Customers
  - Personal Interest
  - Disclosure of Information – Confidential or otherwise
  - Investor Relations/Insider Trading
  - Proper Reporting of Expenses
  - Use of Company Property
  - Workplace Conduct
- 1.2 Linamar Corporation is committed to conducting business activities in compliance with the applicable law governing the jurisdictions of our operations globally. Employees are responsible for being aware of and adhering to the legal requirements affecting their job, in their country/region/locality. All employees are responsible to comply with all sections listed in this Play.

**2.0 Play**

- 2.1 Group Human Resources is responsible for ensuring all Employee Handbooks address all aspects of this Play and that all locations are being audited to ensure compliance to the Code of Conduct Play.
- 2.2 All General Managers are responsible for communicating and ensuring all employees from the facility adhere to all aspects of this Play.

**3.0 Relations with Suppliers, Dealers and Customers**

- 3.1 Employees are not permitted to accept or solicit personal benefits from suppliers, dealers, customers, competitors, or other third parties that relate to their employment at Linamar. Examples of personal benefits include cash, gifts, gift certificates, trips, loans, special discounts, use of property and admission charges or contributions to events or parties.

Exceptions:

- 3.1.1 Employees are permitted to be guests of suppliers or dealers once a month, unless there are extenuating circumstances, (i.e. a supplier is on site for several days in a row for an equipment runoff).
  - 3.1.2 Employees may attend sports events, golf outings, shows or other appropriate entertainment or social activities as the guest of the same outside concern a maximum of four times a year.
  - 3.1.3 Employees may utilize Linamar suppliers to provide goods or perform services for themselves provided that fair market value is paid for the goods or services.
  - 3.1.4 Solicitation or acceptance of personal financial assistance of any kind from suppliers, other than financial institutions in the ordinary course of its business, is prohibited.
  - 3.1.5 Employees may take advantage of discounts and other promotions offered by suppliers or other outside concerns, provided that such discounts are offered to all Linamar employees. Customer vehicle purchase plans are exempt from this policy.
- 3.2 All unsolicited gifts directed to employees that do not meet the above criteria must be shared fairly with other employees as applicable, (i.e. door prizes at employee meetings/functions, Christmas gifts).

- 3.2.1 Employees are permitted to grant business to friends or relatives, if all things are equal (price, quality and delivery), the purchasing and quoting policies of Linamar are being complied with and the relationship is disclosed in writing to all approving parties.

#### **4.0 Personal Interest**

- 4.1 In general, employees must disclose and avoid any personal and/or business interests that may conflict, or may appear to conflict, with Linamar's interests or that may influence, or may appear to influence the employees judgment or actions in performing their job duties as a Linamar employee.
- 4.2 Working for or performing services on behalf of Linamar suppliers, customers or competitors is prohibited.
  - 4.2.1 Holding an equity position in a business which performs services for Linamar is prohibited.
  - 4.2.2 Employees may only serve on the Board of Directors of a company operated for profit with the written approval of Linamar Corporation's Chief Executive Officer.
  - 4.2.3 Preferential treatment of Linamar's suppliers for personal gain is prohibited.
  - 4.2.4 A supervisor or member of management will not enter into a financial contract with another employee in excess of \$250.00. Financial contracts between immediate family members are exempt from this clause.
  - 4.2.5 Employees contracting any Linamar entity for services in excess of CDN\$1,000 (or equivalent local currency) requires the written approval of the Chief Executive Officer.
  - 4.2.6 Employees must adhere to the terms and conditions listed in the Employee Handbook for the facility they are employed with.

#### **5.0 Disclosure of Information - Confidential or otherwise**

- 5.1 All employees must abide by the Disclosure of Information and Conflict of Interest clauses listed in the Employee Handbook for the facility they are employed with.
- 5.2 All employees must hold all confidential information in strict confidence during and after the term of the individual's employment with Linamar Corporation (any facility).
- 5.3 The release of any information to media, financial analysts, competitors or other outside concerns must be authorized in writing by the Chief Executive Officer prior to the information being released in order to avoid any disclosure that would give unfair business or personal advantage or damage the reputation of the Company in any way.

#### **6.0 Investor Relations/Insider Trading**

- 6.1 Employees must adhere to the provisions detailed in the Legal Play as well as the Employee Handbook for their facility.

#### **7.0 Use of Company Property**

- 7.1 Employees have a responsibility to protect Linamar property against loss, theft, abuse, unauthorized use, access or disposal. "Linamar property" refers to assets and other resources provided by Linamar for use by its employees in the course of their employment, whether tangible, intangible or electronic form (internet, phone or fax).
- 7.2 Employees are responsible for complying with all the applicable sections of the Employee Handbook for their facility (i.e. computer usage policy, use of company telephone). Use of company computers, telephones, etc. are a privilege and should not be abused.

## **8.0 Workplace Conduct**

- 8.1 Linamar Corporation has established standards for performance and conduct at work by employees. These standards are detailed in the Employee Handbook for each location.
- 8.2 Employees are urged to contact their supervisor or facility Human Resources contact regarding any questions, concerns or to report any violations of these workplace standards.
- 8.3 The Linamar Corporation Anti-Harassment Policy Statement is published in each Employee Handbook for all locations.

## **9.0 Measurement**

- 9.1 Each Director of Human Resources is responsible for auditing all Employee Handbooks as well as all facilities for compliance with the Code of Conduct Game Plan.

**Approved by the Board of Directors on May 15, 2018.**

**APPENDIX J  
STEPPING STOOL OBJECTIVES 2018**

Stepping Stool of Success 2018		
Customer Leg	Employee Leg	Financial Leg
Improve Launch Performance	Ensure 5S Visuals at all Facilities	Further reduce use of consumables and save on energy usage
Execute on Customer Deliveries	Reduce Lost Time Accident Frequency	Improve Operating Earnings as a Percentage of Sales
Understand and support the implementation of corrective actions to exit controlled shipping.	Conduct All Employee Reviews On Time	Meet Monthly Operational Performance Compass metrics
Ensure that only quality products are delivered to the customer	Minimize Employee Turnover	Improve Return on Capital Employed•
Look for opportunities that would improve a product lines' material flow, eliminate unnecessary steps, and/or cut waste	Further utilize Health and Safety Live Audit Scoring	Further Implement Lean Suggestions and internal waste reduction best practices
		Improve Inventory Reduction

**APPENDIX K  
STEPPING STOOL PAYMENTS 2018**

	LEG	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Frank Hasenfratz	Customer	5%	2%	5%	5%	2%	5%	5%	5%	5%	5%	5%	5%
	Employee	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%	5%	5%
	Financial	0%	0%	2%	2%	0%	2%	0%	0%	0%	0%	0%	0%
Linda Hasenfratz	Customer	5%	2%	5%	5%	2%	5%	5%	5%	5%	5%	5%	5%
	Employee	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%	5%	5%
	Financial	0%	0%	2%	2%	0%	2%	0%	0%	0%	0%	0%	0%
Jim Jarrell	Customer	5%	2%	5%	5%	2%	5%	5%	5%	5%	5%	5%	5%
	Employee	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%	5%	5%
	Financial	0%	0%	2%	2%	0%	2%	0%	0%	0%	0%	0%	0%
Dale Schneider	Customer	5%	2%	5%	5%	2%	5%	5%	5%	5%	5%	5%	5%
	Employee	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%	5%	5%
	Financial	0%	0%	2%	2%	0%	2%	0%	0%	0%	0%	0%	0%
Ken McDougall	Customer	5%	2%	5%	5%	2%	5%	5%	5%	5%	5%	5%	5%
	Employee	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%	5%	5%
	Financial	0%	0%	2%	2%	0%	2%	0%	0%	0%	0%	0%	0%

The calculation of Stepping Stool payments factors the monthly score in each leg of the Stepping Stool (customer, employee, financial satisfaction). If all three legs were green, eligible employees will get 15% of their gross earnings received in that month.

Green Leg	Yellow Leg	Red Leg
5%	2%	0%

**SCHEDULE “A”  
LINAMAR CORPORATION**

**BY-LAW NO. 8**

**A By-Law Relating to Advance Notice Requirements for Nominations of Directors**

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of LINAMAR CORPORATION as follows:

**Section 1.1 Introduction.**

The purpose of this by-law of Linamar Corporation (the “**Corporation**”) is to establish the conditions and framework under which shareholders of the Corporation may exercise their right to submit director nominations, including by fixing a deadline by which such nominations must be submitted by a shareholder of the Corporation prior to any annual or special meeting of shareholders, and setting forth the information that a shareholder must include in a notice of director nominations to the Corporation for the notice to be in proper form.

**Section 1.2 Definitions.**

As used in this by-law, the following terms have the following meanings, unless the context otherwise specifies or requires:

- (a) “**Act**” means the *Business Corporations Act*, R.S.O. 1990, c. B.16 and the regulations under the Act, all as amended, re-enacted or replaced from time to time;
- (b) “**affiliate**” has the meaning given to it in the Act;
- (c) “**Applicable Securities Laws**” means the applicable securities legislation of Canada and each province and territory of Canada, as amended from time to time, the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of Canada and each province and territory of Canada;
- (d) “**Arrangements**” has the meaning set out in section 1.7 hereof;
- (e) “**associate**” has the meaning given to it in the Act;
- (f) “**beneficial ownership**” has the meaning given to it in the Act, and “**beneficially owns**” and “**beneficially owned**” have corresponding meanings;
- (g) “**Board**” means the board of directors of the Corporation;
- (h) “**close of business**” means 5:00 p.m. (Guelph time) on a business day in the City of Guelph, Ontario, Canada;
- (i) “**including**” means including without limitation and “**include**” and “**includes**” have corresponding meanings;
- (j) “**person**” has the meaning given to it in the Act and pronouns have a similarly extended meaning;
- (k) “**public announcement**” means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com), or any system that is a replacement or successor thereto;

- (l) “**Meeting Notice Date**” has the meaning set out in section 1.6 hereof;
- (m) “**Nominating Shareholder**” has the meaning set out in section 1.3 hereof;
- (n) “**Nominating Shareholder’s Notice**” has the meaning set out in section 1.5 hereof;
- (o) terms used in this by-law that are defined in the Act and not otherwise defined herein, have the meanings given to such terms in the Act;
- (p) words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; and
- (q) the headings used in this by-law are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions hereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

### **Section 1.3 Nomination Procedures.**

Subject only to the Act, Applicable Securities Law and the articles of the Corporation, only persons who are nominated in accordance with the procedures set out in this by-law shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders of the Corporation, or at any special meeting of shareholders of the Corporation if the election of directors is a matter specified in the notice of such meeting:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting of shareholders of the Corporation;
- (b) by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of a shareholders’ meeting by one or more of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person who:
  - (i) at the close of business on the date of the giving of the Nominating Shareholder’s Notice provided for below in this by-law and on the record date for notice of such meeting of shareholders of the Corporation, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation, and
  - (ii) complies with the Nominating Shareholder’s Notice procedures set forth below in this by-law (a “**Nominating Shareholder**”).

### **Section 1.4 Nominations for Election.**

For the avoidance of doubt, the procedures set forth in this by-law shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Corporation.

### **Section 1.5 Timely Nominating Shareholder’s Notice.**

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation in accordance with this by-law (a “**Nominating Shareholder’s Notice**”).

## **Section 1.6 Manner of Timely Nominating Shareholder's Notice.**

To be timely, a Nominating Shareholder's Notice must be received by the Corporation:

- (a) in the case of an annual meeting (including an annual and special meeting) of shareholders of the Corporation, not less than 30 days prior to the date of the meeting, provided however that, in the event that the meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made (the "**Meeting Notice Date**"), then not later than the close of business on the 10th day following the Meeting Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders of the Corporation called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the 15th day following the Meeting Notice Date;

provided that, in either instance, if "notice-and-access" (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy-related materials in respect of a meeting described in section 1.6(a) or section 1.6(b) above, then a Nominating Shareholder's Notice must be received by the Corporation:

- A. in the case of a meeting described in section 1.6(a):
  - (i) if the meeting is to be held on a date that is not less than 50 days after the Meeting Notice Date therefor, then not later than the close of business on the 40th day before such meeting (but in any event, not prior to the Meeting Notice Date); and
  - (ii) if the meeting is to be held on a date that is less than 50 days after the Meeting Notice Date therefor, then not later than the close of business on the 10<sup>th</sup> day following such Meeting Notice Date; and
- B. in the case of a meeting described in section 1.6(b), not later than the close of business on the 15<sup>th</sup> day following such Meeting Notice Date

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of notice under this section 1.6.

## **Section 1.7 Proper Form of Nominating Shareholder's Notice**

To be in proper written form, a Nominating Shareholder's Notice must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (each a "**Proposed Nominee**"):
  - (i) the name, age, province or state and country of residence of the Proposed Nominee;
  - (ii) the principal occupation, business or employment of the Proposed Nominee, both present and for the past five years preceding such notice;
  - (iii) whether the Proposed Nominee is a resident Canadian within the meaning of the Act;
  - (iv) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries owned beneficially or of record, or controlled or directed, directly or indirectly, by the Proposed Nominee, as of the record date for the meeting of shareholders of the Corporation (if such date shall then have been

made publicly available and shall have occurred) and as of the date of such Nominating Shareholder's Notice;

- (v) full particulars regarding any relationship, contract, agreement, arrangement or understanding (collectively, "**Arrangements**") (including financial, compensatory or indemnity related Arrangements), between the Nominating Shareholder and the Proposed Nominee, or any affiliates or associates of, or any person acting jointly or in concert with, the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee's nomination for election, or potential service, as a director of the Corporation;
  - (vi) whether the Proposed Nominee is party to any existing or proposed Arrangement with any competitor of the Corporation or any of its affiliates or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the Proposed Nominee;
  - (vii) whether the Proposed Nominee is eligible for consideration as an independent director under the relevant standards contemplated by Applicable Securities Laws or any stock exchange rules that may be applicable to the Corporation;
  - (viii) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and
- (b) as to each Nominating Shareholder:
- (i) the name, business and, if applicable, residential address of such Nominating Shareholder;
  - (ii) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries owned beneficially or of record, or controlled or directed, directly or indirectly, by such Nominating Shareholder or any other person with whom such Nominating Shareholder is acting jointly or in concert (and for each such person any options or other rights to acquire shares in the capital of the Corporation, any derivatives or other securities, instruments or arrangements for which the price or value or delivery, payment or settlement obligations are derived from, referenced to, or based on any such shares, and any hedging transactions, short positions, and borrowing or lending arrangements relating to such shares) with respect to the Corporation or any of its securities, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such Nominating Shareholder's Notice;
  - (iii) the interests in, or rights or obligations associated with, any contract, agreement, arrangement or understanding, the purpose or effect of which may be to alter, directly or indirectly, such Nominating Shareholder's economic interest in a security of the Corporation or such Nominating Shareholder's economic exposure to the Corporation (or that of or any other person with whom such Nominating Shareholder is acting jointly or in concert);
  - (iv) full particulars regarding any proxy or Arrangement pursuant to which such Nominating Shareholder, or any of its affiliates or associates, or any person acting jointly or in concert with such Nominating Shareholder, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of nominees for directors to the Board; and
  - (v) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and
- (c) a written consent duly signed by each Proposed Nominee to being named as a nominee for election to the Board and to serve as a director of the Corporation, if elected.

References to “Nominating Shareholder” in this section 1.7 shall, in the case of a nomination proposal where more than one shareholder of the Corporation is involved in making such nomination proposal, be deemed to refer to each shareholder of the Corporation that nominates or seeks to nominate a person for election as a director of the Corporation.

The Corporation may also require any Proposed Nominee to furnish such other information, including completion of the Corporation’s directors questionnaire, as it may reasonably require to determine whether the Proposed Nominee would be considered “independent” as a director or as a member of the audit committee of the Board under the various rules and standards applicable to the Corporation in the same manner as such rules and standards are generally applicable to the Corporation’s directors.

**Section 1.8 Currency of Nominating Shareholder’s Notice.**

All information to be provided in a Nominating Shareholder’s Notice pursuant to this by-law shall be provided as of the date of such notice. In addition, to be considered timely and in proper written form, a Nominating Shareholder’s Notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such Nominating Shareholder’s Notice shall be true and correct as of the record date for the meeting.

**Section 1.9 Power of the Chair.**

The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this by-law and, if any proposed nomination is not in compliance with this by-law, to declare that such defective nomination shall be disregarded.

**Section 1.10 Delivery of Nominating Shareholder’s Notice.**

Notwithstanding any other provision of this by-law, notice given to the Corporate Secretary of the Corporation pursuant to this by-law may only be given by personal delivery, facsimile transmission or e-mail (provided that the Corporate Secretary has stipulated an e-mail address for purposes of a Nominating Shareholder’s Notice), and shall be deemed to have been given and received only at the time it is served by personal delivery, sent and received by e-mail (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of the confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Guelph time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been received on the subsequent day that is a business day.

**Section 1.11 Increase in Number of Directors to be Elected.**

Notwithstanding any provisions in this by-law to the contrary, in the event that the number of directors to be elected at a meeting is increased effective after the time period for which the Nominating Shareholder’s Notice would otherwise be due under this by-law, a Nominating Shareholder’s Notice with respect to nominees for the additional directorships required by this by-law shall be considered timely if it shall be given not later than the close of business on the 10th day following the day on which the first public announcement of such increase was made by the Corporation.

**Section 1.12 Waiver.**

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this by-law.

**Section 1.13 Effective Date.**

This by-law was approved and adopted by the Board on March 11, 2019 (the “**Effective Date**”) and is and shall be in full force and effect in accordance with its terms and conditions from and after the Effective Date. If this by-law is not approved by ordinary resolution of shareholders of the Corporation present in person or voting by proxy at the next meeting of those shareholders validly held following the Effective Date, then this by-law shall terminate and be void and of no further force and effect following the termination of such meeting of shareholders of the Corporation.

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The foregoing by-law was made by the directors of the Corporation on the 11th day of March, 2019.

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Corporate Secretary

## SCHEDULE "B"

**The following proposal has been jointly submitted for consideration at the meeting of Linamar Corporation ("the Company") by the ECHO Foundation, Alberta Investment Management Corporation ("AimCo"), British Columbia Investment Management Corporation ("BCi") and the Public Sector Pension Investment Board ("PSP"). The full text of the proposal and supporting comments are set out below. The Company is required by applicable law to attach the following proposal, and the related supporting statements, to the Management Proxy Circular. The Company has, and assumes, no responsibility for the content of such proposals and related supporting statements, including the opinions expressed or the accuracy of any statements contained therein. For the reasons set forth below under Board and Management Statement, the Board of Directors recommends that shareholders vote AGAINST this proposal.**

### Shareholder Proposal: Annual Advisory Shareholder Vote on Executive Compensation ("Say on Pay")

#### WHEREAS:

An advisory shareholder vote on executive compensation ("Say on Pay") is a corporate governance best practice for public issuers. In Canada, a majority of companies in the S&P/TSX 60 Index hold Say on Pay votes. In the United States and the United Kingdom, Say on Pay is mandatory for publicly-traded companies.

Executive compensation disclosure has allowed shareholders to become better informed in respect to amounts paid or payable to named executive officers, the circumstances under which payments will be made, and the reasons for specific compensation structure decisions. However, disclosure falls short of a vote as it does not allow shareholders to provide their views on compensation decisions.

Shareholders are seeking assurance that directors are making serious efforts to link executive compensation to corporate performance. Say on Pay provides shareholders with an opportunity to register their approval or disapproval on executive compensation. Additionally, Say on Pay has been found to improve communication between shareholders and issuers on executive compensation.

Even where a company has one or more controlling shareholders and/or has strong investor relations programs to solicit the views of major shareholders, Say on Pay votes provide valuable and reliable information to the board on the views of all shareholders, including minority shareholders.

The philosophy underpinning Say on Pay acknowledges that directors are charged with making decisions regarding executive compensation while allowing shareholders to provide their views of those decisions.

In the absence of a Say on Pay vote at Linamar Corporation, shareholders who do not support some or all aspects of the company's executive compensation practices can only register this view indirectly, by withholding their votes to re-elect directors on the compensation committee. Say on Pay will allow shareholders to clearly and unambiguously express their views of executive compensation by voting on the matter directly.

#### RESOLVED:

Shareholders request that the Board of Directors adopt a policy that the Company's shareholders be permitted to vote, on an annual and advisory basis, on a management resolution to ratify the compensation of Named Executive Officers set forth in the proxy statement.

### BOARD AND MANAGEMENT STATEMENT:

**The Board of Directors of the Company ("the Board") recommends that shareholders vote AGAINST the Shareholder's Proposal for the following reasons:**

The Board of Directors and the Corporation appreciate the importance of effective executive compensation programs to shareholders and the Corporation's success. The sections in this Information Circular entitled "COMPENSATION DISCUSSION AND ANALYSIS -- Letter from Chair of HRCG Committee" and "STATEMENT OF EXECUTIVE COMPENSATION" provide disclosure to shareholders on the Corporation's executive compensation approach and arrangements. The Corporation and the Board are committed to proactive, open and meaningful communications with shareholders on this subject, including through face-to-face meetings and the new [contactyourboard@linamar.com] investor relations email address established by the Board to allow shareholders to directly share their comments and questions with their Board.

The Board and the Corporation believe that executive compensation is an increasingly complex area, requiring expertise and thoughtful deliberation over time and circumstances, to arrive at the right mix or balance to attract and retain effective senior executives and align their incentives and efforts with the Corporation's success. Boards and compensation committees are faced with a multitude of potential forms of compensation to be considered, including cash (e.g. salary, annual bonus, long-term non-equity plans and pensions) and equity-based compensation (e.g. stock options, restricted share units, performance share units and stock appreciation rights), each with its own particular incentives and pay-out profile, which can be contingent on the achievement of outcomes across an extensive array of performance-based triggers (e.g. earnings per share, return on invested capital, stock price levels and any number of appropriately-crafted non-GAAP measures) which can vary as between industries, issuer growth profiles and even executive titles.

In the Board's view, it is also important to maintain clarity regarding the role of the Board as distinct from the role of shareholders. The Directors, who are elected by the shareholders, have a legal duty to supervise the management of the business and affairs of the Corporation and are required by law to make decisions in accordance with their fiduciary duties to act with due care and with a view to the best interests of the Corporation, including its shareholders as a whole. Executive compensation is one of the Board's most important responsibilities and the Board's authority to determine executive compensation is vital to the Board's performance of its overall duties.

The Board further believes that the Company's Human Resources and Corporate Governance Committee of the Board ("HRCG Committee") is in the best position to oversee the executive compensation arrangements of the Corporation. The HRCG Committee, which is comprised entirely of independent Directors within the meaning of applicable securities laws, has full access to the necessary information, the benefit of external professional guidance and the relevant experience of its members to make appropriate decisions with respect to executive compensation.

A detailed summary of Linamar's executive compensation philosophy is outlined in this Information Circular under the section entitled "COMPENSATION DISCUSSION AND ANALYSIS -- Letter from Chair of HRCG Committee -- Compensation Principles Align Pay to Performance". This section of the Information Circular outlines the rationale for the Board's decisions related to the compensation structure of the Company and links each element of the remuneration package to the Company's objectives. In brief, however, the executive compensation strategy is linked to long-term business success, thereby ensuring that the financial interests of the Company's executives are closely aligned with the continued and profitable growth of the Company, for the benefit of its shareholders. With that in mind, the Board notes that Linamar has achieved almost unparalleled success in the last ten years where it's normalized return on investment has out-performed the TSX average by 4% over a five year period and where it has returned 1125% of investment (compared to 59% for the TSX average) over a ten year period. The Company's shares have also significantly outperformed its Canadian direct competitors during that same timespan.

It is notable that this Proposal is being brought in a year where executive compensation is down, overall, as a reflection of the year over year performance of the Company's share price. CEO compensation, for instance, decreased by approximately 7.7% in 2018 in view of a reduced award of share grants during the fiscal year. The Board believes this key point underscores the successful operation of the compensation philosophy and demonstrates that compensation is very much aligned with shareholder value.

The Board assesses that a “say on pay” "for" or "against" advisory vote would be an ambiguous, public and inferior form of communication that would not be in Linamar's best interests. The Board believes that the process of shareholder feedback on executive compensation can be better addressed through direct shareholder communications with the Board and the Corporation rather than through a blunt voting processes which is both administratively burdensome and not issue specific. The Board maintains that the current approach to executive compensation is appropriate, allows for flexibility and is aligned with the best interests of the Corporation and its shareholders.

The Board recommends that shareholders vote AGAINST this proposal.