



**NOTICE OF 2007 ANNUAL MEETING  
AND  
INFORMATION CIRCULAR**

**ANNUAL MEETING OF UNITHOLDERS OF  
SUPREMEX INCOME FUND**

March 22, 2007



## **SUPREMEX INCOME FUND**

### **NOTICE OF ANNUAL MEETING OF UNITHOLDERS**

TAKE NOTICE that the Annual Meeting (the "Meeting") of holders of units (the "Unitholders") of Supremex Income Fund (the "Fund") will be held at Centre VIP, 1000 de la Gauchetière, Montreal, Québec, H3B 4W5, Rooms de la Gauchetière, de Belleville and Branssat, on May 10, 2007 at 9:00 A.M. (Montreal time) for the following purposes:

- (1) To receive the consolidated financial statements of the Fund for the financial year ended December 31, 2006, together with the report of the auditors thereon;
- (2) To elect the trustees of the Fund for the ensuing year;
- (3) To appoint the auditors of the Fund and authorize the trustees of the Fund to fix their remuneration; and
- (4) To transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying information circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice.

The 2006 Annual Report which comprises the Management's Discussion and Analysis of financial condition and results of operations, the consolidated financial statements of the Fund and the auditors' report to the Unitholders for the financial year ended December 31, 2006 is posted at [www.supremex.com](http://www.supremex.com) or [www.sedar.com](http://www.sedar.com).

The record date (the "Record Date") for determining those Unitholders entitled to receive notice and to vote at the Meeting is the close of business on March 30, 2007. Only persons registered as Unitholders on the books of the Fund as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting, and no person becoming a Unitholder after the Record Date shall be entitled to receive notice of and to vote at the Meeting or any adjournment thereof. The failure of any Unitholder to receive notice of the Meeting does not deprive the Unitholder of the right to vote at the Meeting. Unitholders are invited to attend the Meeting; there will be an opportunity to ask questions and meet management.

A Unitholder who is unable to be present at the Meeting and who wishes to appoint some other person (who need not be a Unitholder) to represent him or her at the Meeting may do so either by striking out the names set forth in the enclosed form of proxy and by inserting such person's name in the blank space provided therein or by completing another proper form of proxy, and, in either case, by returning the completed proxy in the pre-addressed return envelope provided for that purpose, to Computershare Investor Services Inc. at 1500 University Street, Suite 700, Montreal, Quebec, H3A 3S8 or by fax to

1-866-249-7775/1-416-263-9524 and must be received by Computershare no later than 5:00 p.m. (Montreal time) on May 8, 2007 or if the Meeting is adjourned, no later than 48 hours before any reconvened meeting.

DATED at Montreal, Québec, this 22<sup>nd</sup> day of March, 2007.

BY ORDER OF THE TRUSTEES OF SUPREMEX INCOME FUND

(signed) Gilles Cyr  
President, Chief Executive Officer and Trustee of Supremex Income Fund

## TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF UNITHOLDERS .....	i
INFORMATION CIRCULAR.....	4
APPOINTMENT OF PROXIES .....	4
REVOCAION OF PROXIES .....	4
VOTING OF PROXIES .....	5
RECORD DATE .....	5
VOTING OF UNITS – ADVICE TO BENEFICIAL UNITHOLDERS .....	5
INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON .....	6
THE FUND .....	6
OUTSTANDING UNITS AND PRINCIPAL UNITHOLDERS .....	6
ELECTION OF TRUSTEES OF THE FUND.....	6
Trustees of the Fund.....	6
Meetings and Attendance .....	9
Directors of the Company .....	9
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS .....	10
Corporate Cease Trade Orders or Bankruptcies.....	10
Penalties or Sanctions.....	10
Personal Bankruptcies .....	10
COMPENSATION OF TRUSTEES.....	10
Compensation of Trustees .....	10
Trustees' and Directors' Liability Insurance .....	11
EXECUTIVE COMPENSATION .....	11
Summary Compensation Table .....	11
Management Profit Sharing Plan .....	12
Termination of Employment, Change of Responsibilities and Employment Agreements.....	13
Indebtedness of Trustees, Directors and Executive Officers.....	13
The Compensation, Corporate Governance and Nominating Committee .....	14
REPORT ON EXECUTIVE COMPENSATION .....	14
CORPORATE GOVERNANCE DISCLOSURE.....	14
Guidelines.....	14
PERFORMANCE GRAPH.....	15
INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS .....	16
APPOINTMENT OF AUDITORS .....	16
AUDIT FEES .....	16
GENERAL .....	17
ADDITIONAL INFORMATION .....	17
APPROVAL OF TRUSTEES .....	17
SCHEDULE 1 – STATEMENT OF CORPORATE GOVERNANCE PRACTICES	
SCHEDULE 2 – CHARTER OF THE BOARD	
SCHEDULE 3 – COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER	
SCHEDULE 4 – AUDIT COMMITTEE CHARTER	
SCHEDULE 5 – CODE OF BUSINESS ETHICS AND CONDUCT	
SCHEDULE 6 – WHISTLEBLOWER PROCEDURES	



## SUPREMEX INCOME FUND

### INFORMATION CIRCULAR

**This information circular (the "Information Circular") is furnished in connection with the solicitation by the management of SUPREMEX INCOME FUND (the "Fund") of proxies to be used at the Annual Meeting (the "Meeting") of holders (collectively, the "Unitholders") of units (the "Units") of the Fund to be held at the time and place and for the purposes set forth in the accompanying Notice of the Meeting, and all adjournments thereof.**

It is expected that the solicitation will be made primarily by mail but proxies may also be solicited by telephone, over the Internet, in writing or in person, by Trustees of the Fund or by directors (the "**Directors**"), officers or regular employees of Supremex Inc. (the "**Company**") and its subsidiaries who will receive no compensation therefor in addition to their regular remuneration. The cost of any such solicitation is expected to be nominal and will be borne by the Fund. The Fund may also reimburse brokers and other persons holding Units in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies. Such costs are expected to be nominal.

### APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are Trustees of the Fund. **Each Unitholder is entitled to appoint a person other than the individuals named in the enclosed form of proxy to represent such Unitholder at the Meeting.**

A Unitholder who is unable to be present at the Meeting and who wishes to appoint some other person (who need not be a Unitholder) to represent him or her at the Meeting may do so either by striking out the names set forth in the enclosed form of proxy and by inserting such person's name in the blank space provided therein or by completing another proper form of proxy, and, in either case, by returning the completed information in the pre-addressed return envelope provided for that purpose, to Computershare Investor Services Inc. at 1500 University Street, Suite 700, Montreal, Québec, H3A 3S8 or by fax to 1-866-249-7775/1-416-263-9524 and such envelope must be received by Computershare no later than 5:00 p.m. (Montreal time) on May 8, 2007 or if the Meeting is adjourned, no later than 48 hours before any reconvened meeting.

### REVOCAION OF PROXIES

A Unitholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so: (1) by depositing an instrument in writing executed by him or her or by his or her attorney authorized in writing or, if the Unitholder is a corporation, under the corporate seal or by an officer or attorney thereof duly authorized (i) at the registered office of the Fund at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof; or (2) in any other manner permitted by law.

## **VOTING OF PROXIES**

**The Units represented by the accompanying form of proxy will be voted or withheld from voting in accordance with the instructions of the Unitholder on any show of hands or ballot that may be called for and, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. If no specification has been made with respect to any such matter, the persons named in the enclosed form of proxy intend to cast the votes represented by such proxy IN FAVOR of any such matter as described in this Information Circular.**

The accompanying form of proxy confers discretionary authority upon the attorney named therein with respect to amendments or variations to matters identified in the notice of the Meeting and other matters which may properly come before the Meeting or any adjournment thereof. At the date of this Information Circular, the Trustees of the Fund know of no such amendments, variations or other matters. If matters which are not known at the date hereof should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the person voting it.

## **RECORD DATE**

The record date (the "Record Date") for determining those Unitholders entitled to receive notice and to vote at the Meeting is the close of business on March 30, 2007. Only persons registered as Unitholders on the books of the Fund as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting, and no person becoming a Unitholder after the Record Date shall be entitled to receive notice of and to vote at the Meeting or any adjournment thereof. The failure of any Unitholder to receive notice of the Meeting does not deprive the Unitholder of the right to vote at the Meeting.

The information contained herein is given as at March 22, 2007, except as otherwise stated.

## **VOTING OF UNITS – ADVICE TO BENEFICIAL UNITHOLDERS**

The information sets forth in this section is of significant importance to beneficial Unitholders, as they do not hold Units of the Fund in their own names. Their Units are registered in the name of an intermediary, such as a securities broker, financial institution, trustee, custodian or other nominee who holds the Units on their behalf, or in the name of a clearing agency in which the intermediary is a participant. Intermediaries have obligations to forward meeting materials to the non-registered Unitholders, unless otherwise instructed by the Unitholder (and as required by regulation in some cases, despite such instructions).

Only registered Unitholders or their duly appointed proxyholders are permitted to vote at the Meeting. Non-registered Unitholders should follow the directions of their intermediaries with respect to the procedures to be followed for voting. Generally, intermediaries will provide non-registered Unitholders with either: (a) a voting instruction form for completion and execution by the non-registered Unitholder, or enabling voting by alternate means such as telephone or Internet, or (b) a form of proxy, executed by the intermediary and restricted to the number of Units owned by the non-registered Unitholder, but otherwise uncompleted. These are procedures to permit the non-registered Unitholders to direct the voting of the Units that they beneficially own.

If the non-registered Unitholder wishes to attend and vote in person at the Meeting, one must insert its own name in the space provided for the appointment of a proxyholder on the voting instruction or proxy form provided by the intermediary and carefully follow the intermediary's instructions for return of the executed form or other method of response.

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

No Trustee of the Fund, Director or officer of the Company, nor their associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than as set forth herein.

## THE FUND

The Fund is an unincorporated, open-ended trust established under the laws of the Province of Québec by a fund declaration of trust made as of February 10, 2006 as amended and restated as of March 31, 2006 (the "Fund Declaration of Trust"). The Fund has been established to acquire and hold the common shares of the Company (the "Shares") and approximately \$292 million aggregate principal amount of the notes (the "Notes").

The principal and head office of Supremex is located at 7213 Cordner, LaSalle, Québec, Canada, H8N 2J7.

## OUTSTANDING UNITS AND PRINCIPAL UNITHOLDERS

Pursuant to the Fund Declaration of Trust, the Fund is authorized to issue an unlimited number of Units. As at March 22, 2007, 31,311,667 Units were outstanding, each carrying the right to one vote on all matters to come before the Meeting.

The following table shows the name and information about the Units directly or indirectly beneficially owned by each person or company who, as at March 22, 2007, owned of record, or who, to the knowledge of the Trustees of the Fund, owned beneficially, directly or indirectly, more than 10% of the Units.

NAME	NUMBER OF UNITS OF THE FUND OWNED	TYPE OF OWNERSHIP	PERCENTAGE OF EACH CLASS OWNED
Sentry Select Capital Corp.	3,484,650	Direct	11.13%

## ELECTION OF TRUSTEES OF THE FUND

### *Trustees of the Fund*

The Fund Declaration of Trust provides for a minimum of three (3) and a maximum of nine (9) Trustees. Two thirds of the Trustees shall be residents of Canada and the majority shall qualify as "independent" within the meaning of applicable securities laws. As at March 22, 2007, the Fund had five Trustees, four of whom are residents of Canada, and a majority of whom are "independent" within the meaning of applicable securities laws.

Trustees of the Fund are elected annually. **The persons named in the enclosed form of proxy intend to vote FOR the election of the nominees whose names are set forth below, all of whom are now Trustees of the Fund, and have been since the dates indicated.** Each Trustee of the Fund elected will hold office until the next annual meeting or until his successor is elected or appointed, unless his office is vacated earlier.

The Fund Declaration of Trust provides that the board of Trustees (the "Board of Trustees") is initially composed of five members, and so long as the Cenveo Group (which shall mean Cenveo Inc., Cenveo Corporation and each of their respective affiliates) or any permitted assignee thereof, considered in the aggregate, owns, directly or indirectly, not less than 10% of the total Units issued and outstanding, the Cenveo Corporation (or its designee) shall have the right to designate one additional Trustee or one observer. As of March 22, 2007, to the knowledge of the Trustees of the Fund, the Cenveo Group held no Units.

The following summary sets forth for each person proposed to be nominated for election by the Fund as a Trustee of the Fund, his name, municipality, province or state of residence and country of residence, his principal occupation, business or employment held presently and within the five preceding years, the date of his election or appointment as Trustee of the Fund and as a Director of the Company, the committees on which he serves and other boards of companies on which he serves. The summary also indicates whether the nominee is independent and the number of Units beneficially owned, directly or indirectly, or controlled or directed by him as at March 22, 2007.

NAME	PRINCIPAL OCCUPATION
<p><b>Gilles Cyr</b> La Prairie, Québec, Canada</p> <p>Trustee since February 10, 2006 Director since July 31, 1995</p> <p>Not Independent</p> <p>Number of Units: 395,000</p>	<p><b>President and Chief Executive Officer of Supremex Inc.</b></p> <p>Gilles Cyr is the President and Chief Executive Officer of Supremex and has held this position since October 2004. Mr. Cyr has held various positions with Supremex for 15 years, first as Chief Financial Officer, later as Vice-President and General Manager of Supremex's Eastern Region, from January 1996 to January 2006 and has again since November 2006. Prior to joining Supremex, Mr. Cyr was a partner at Arthur Andersen LLP, where he worked for ten years. Mr. Cyr holds a Bachelor's Degree in Commerce from the University of Québec at Trois-Rivières and is also a Chartered Accountant. Mr. Cyr was, from June 2003 to November 2004, a shareholder and a director of Précis-Métal Inc., which filed for bankruptcy in November 2004 pursuant to the <i>Bankruptcy and Insolvency Act</i> (Canada).</p>
<p><b>L.G. Serge Gadbois<sup>(1)*</sup></b> Boucherville, Québec, Canada</p> <p>Trustee since March 31, 2006 Director since March 31, 2006</p> <p>Independent</p> <p>Number of Units: 4,000</p>	<p><b>Corporate Director</b></p> <p>L.G. Serge Gadbois is a corporate director of Industrial Alliance, Insurance and Financial Services Inc., Cogeco Inc., Cogeco Cable Inc. and Mecachrome International Inc. Previously, Mr. Gadbois held various positions at Metro Inc. such as Senior Vice-President, Finance, from 1997 until February 2006, and was also Vice-President Finance from 1985 to 1997. Prior to this, he served as Controller and Director of Financial Services at the School Council of the Island of Montreal for eight years. He holds a Master of Business Administration from the École des Hautes Études Commerciales and is a member and Fellow of the Quebec Order of Chartered Accountants.</p>



NAME	PRINCIPAL OCCUPATION
<p><b>George Kobrynsky</b><sup>(1)(2)</sup> Montreal, Québec, Canada</p> <p>Trustee since March 31, 2006 Director since March 31, 2006</p> <p>Independent</p> <p>Number of Units: 1,300</p>	<p><b>Senior Vice-President, Investment Forest Products of the Société générale de financement du Québec</b></p> <p>George Kobrynsky is Senior Vice-President, Investments Forest Products of the Société générale de financement du Québec. Previously, Mr. Kobrynsky held various senior positions at Domtar Inc. over 30 years including Senior Vice-President, Pulp and Paper Sales, Marketing/Customer Relations Group from 2001 to 2005 and Senior Vice-President, Communication Papers Division from 1995 to 2001. He also held a position at the Ministry of the Environment of Canada from 1971 to 1975. Mr. Kobrynsky has completed the Senior Executive Program from University of Western, Ontario. He also holds a Master of Business Administration from McGill University, a Bachelor's degree in Sciences from the Université Laval and a Bachelor's of Arts degree from the Université de Montréal.</p>
<p><b>Herbert Lukofsky</b><sup>(1)(2)</sup> St-Lambert, Québec, Canada</p> <p>Trustee since March 31, 2006 Director since March 31, 2006</p> <p>Independent</p> <p>Number of Units: 0</p>	<p><b>Corporate Director</b></p> <p>Herbert Lukofsky is and has been a corporate director of numerous public and private companies including Liquidation World Inc., Société de développement de Montréal, Solareh Inc., LaGran Inc., International Aqua Foods Inc., Hallmark Technologies Inc. and Inventronics Inc. Previously, Mr. Lukofsky was a tax partner and head of tax division at the Montreal office of Arthur Andersen LLP from 1970 to 1984 and President of Lukofsky Lajoie &amp; Associates, a business consulting firm specializing in mergers and acquisitions, from 1984 to 1992. Mr. Lukofsky holds a Bachelor's degree in Commerce from Concordia University and a Chartered Accountancy Designation from McGill University.</p>
<p><b>Harolde M. Savoy</b><sup>(2)</sup> Dallas, Texas</p> <p>Trustee since March 31, 2006 Director since March 31, 2006</p> <p>Independent</p> <p>Number of Units: 0</p>	<p><b>President of Entreprises Dominion Blueline Inc. and Rediform Inc.</b></p> <p>Harolde M. Savoy has been the President of Entreprises Dominion Blueline Inc. since 1990 and also President of Rediform Inc., a subsidiary based in Dallas, Texas. For the past 27 years, Mr. Savoy has held different positions within Entreprises Dominion Blueline Inc. such as General Manager and Vice-President of Sales and Marketing, General Manager of Dominion Envelope Inc., a subsidiary, and Production Superintendent. He holds a Master of Business Administration as well as a Bachelor of Art in Economics from the University of Western, Ontario.</p>

(1) Member of the Audit Committee.

(2) Member of the Compensation, Corporate Governance and Nominating Committee.

\* Chairman of the Board of Trustees and Board of Directors.

Certain proposed nominees are directors of other reporting issuers. These are as follows:

<b>DIRECTOR</b>	<b>REPORTING ISSUER</b>
L.G. Serge Gadbois	Industrial Alliance, Insurance and Financial Services Inc. Cogeco Inc. Cogeco Cable Inc.
Herbert Lukosfky	Liquidation World Inc.

### ***Meetings and Attendance***

As at December 31, 2006, the Board of Trustees (including the Board of Directors) and its standing committees met as follows:

	<b>REGULAR</b>	<b>TELEPHONE</b>	<b>TOTAL</b>
Board	6	0	6
Audit	3	0	3
Compensation, Corporate Governance and Nominating	3	0	3
Total	12	0	12

The following is the record of attendance for each Trustee at Board and committee meetings as at December 31, 2006. The overall attendance record at Board and committee meetings was respectively 93% and 94%.

<b>NAME OF TRUSTEE</b>	<b>BOARD</b>	<b>AUDIT</b>	<b>COMPENSATION</b>
Gilles Cyr	6	N/A	N/A
L.G. Serge Gadbois	5	2	N/A
Georges Kobrynsky	6	3	3
Herbert Lukofsky	6	3	3
Harolde M. Savoy	5	N/A	3
Total	28		17
Overall Attendance	93%		94%

### ***Directors of the Company***

Under the Fund Declaration of Trust, the Fund has agreed that the board of Directors (the "Board of Directors") of the Company shall be composed of the Trustees, unless otherwise agreed by the independent Trustees. Two thirds of the Trustees and Directors shall be residents of Canada and the majority shall qualify as "independent" within the meaning of applicable securities law.

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

### *Corporate Cease Trade Orders or Bankruptcies*

To the knowledge of the Fund and the Company, in the last ten years, no Trustee of the Fund nor any Director or executive officer of the Company is or has been a director or executive officer of any company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (b) was the subject of an event that resulted, after that person ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for Mr. Gilles Cyr who was from June 2003 to November 2004, a shareholder and a director of Précis Métal Inc., which filed for bankruptcy in November 2004 pursuant to the *Bankruptcy and Insolvency Act* (Canada).

### *Penalties or Sanctions*

To the knowledge of the Fund and the Company, no Trustee nor any Director or executive officer of the Company, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### *Personal Bankruptcies*

To the knowledge of the Fund and the Company, in the last ten years, no Trustee nor any Director or executive officer of the Company has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

## COMPENSATION OF TRUSTEES

### *Compensation of Trustees*

The table below shows the fee schedule for 2006. All fees are in Canadian dollars.

TYPE OF FEE	YEARLY AMOUNT PER TRUSTEE	TOTAL FEES PAID TO MEMBERS OF THE BOARD IN 2006 <sup>(2)</sup>
<b>Annual Retainer</b>		
Chairman of the Board	\$35,000	\$26,250
Committee Chairman	From \$28,000 to \$29,000	\$42,750
Board Trustees <sup>(1)</sup>	\$25,000	\$18,750

TYPE OF FEE	YEARLY AMOUNT PER TRUSTEE	TOTAL FEES PAID TO MEMBERS OF THE BOARD IN 2006 <sup>(2)</sup>
<b>Attendance Fees</b>	<b>Per Meeting</b>	
Board Meetings	\$1,000 <sup>(3)</sup>	\$22,000
Committee Meetings	\$1,000 <sup>(3)</sup>	\$17,000
<b>Total</b>		\$126,750

(1) No compensation is paid to Trustees who are members of management of the Company

(2) Trustee fees were incurred starting March 31, 2006.

(3) In person and by telephone.

The Fund also reimburses Trustees for out-of-pocket expenses for attending meetings.

The following table sets out the compensation of each Trustee for 2006:

NAME	ANNUAL FEES		PORTION OF FEES IN	CASH
	RETAINER	MEETING ATTENDANCE	CASH	
Gilles Cyr	\$0	\$0		\$0
L.G. Serge Gadbois <sup>(1)</sup>	\$26,250	\$7,000	100%	\$33,250
Georges Kobrynsky <sup>(1)(2)</sup>	\$21,000	\$12,000	100%	\$33,000
Herbert Lukofsky <sup>(1)(2)</sup>	\$21,750	\$12,000	100%	\$33,750
Harolde M. Savoy <sup>(2)</sup>	\$18,750	\$8,000	100%	\$26,750

(1) Member of Audit Committee.

(2) Member of Compensation, Corporate Governance and Nominating Committee.

\* Chairman of the Board.

### ***Trustees' and Directors' Liability Insurance***

The Trustees and officers of the Fund and the Directors and executive officers of the Company are covered under a director's insurance policy of the Fund that provides an aggregate limit of liability to the insured trustees, directors and executive officers of \$35 million.

## **EXECUTIVE COMPENSATION**

### ***Summary Compensation Table***

The following table provides a summary of the compensation being earned in respect of three most recently completed financial years by each of the Chief Executive Officer, Chief Financial Officer and the three next most highly compensated executive officers of the Company or its subsidiaries who are currently serving as executive officers of the Company, except for Jean Moreau, (collectively, the "Named Executive Officers") for services rendered in all capacities to the Fund and Company.

### Summary Compensation table

NAME AND PRINCIPAL POSITION WITH SUPREMEX	ANNUAL COMPENSATION				
	YEAR	SALARY (\$)	BONUS AND PROFIT SHARING (\$)	OTHER ANNUAL COMPENSATION <sup>(1)</sup> (\$)	ALL OTHER <sup>(2)</sup> COMPENSATION (\$)
GILLES CYR <sup>(5)</sup> President and Chief Executive Officer	2006	235,000	392,512	107,579	18,000
	2005	190,000	765,642	164,706	16,500
	2004	187,500	645,434	—	15,500
STÉPHANE LAVIGNE <sup>(3)(5)</sup> Vice-President, Chief Financial Officer and Corporate Secretary	2006	186,458	290,846	—	18,000
	2005	42,385	162,334	48,990	16,500
	2004	190,000	583,607	—	15,500
STEWART EMERSON <sup>(5)</sup> Vice-President and General Manager, Central Region	2006	170,962	299,600	24,543	18,000
	2005	155,000	478,530	39,309	16,500
	2004	137,500	375,474	—	11,375
JEAN MOREAU <sup>(4)(5)</sup> Vice-President and General Manager, Eastern Region	2006	194,583	121,250	—	18,000
	2005	137,083	236,057	—	9,625
	2004	—	—	—	—
MANON CLOUTIER <sup>(5)(6)</sup> Corporate Controller and Treasurer	2006	116,250	86,151	—	18,000
	2005	9,962	32,869	—	—
	2004	—	—	—	—

(1) Other annual compensation includes the gain on exercise of Cenveo, Inc. stock options.

(2) All other compensation includes contributions to a registered retirement savings plan.

(3) Stéphane Lavigne was the Vice-President and Chief Financial Officer of the Company from 1996 to April 2005. On January, 2006, Stéphane Lavigne re-joined the Company as Vice-President, Chief Financial Officer and Corporate Secretary.

(4) Jean Moreau was Chief Financial Officer of the Company from June 2005 to January 2006. Jean Moreau was nominated Vice-President and General Manager, Eastern Region on January 2006. Jean Moreau's departure from his function occurred on November 2006.

(5) On Closing, certain members of Management received an aggregate bonus in respect of services performed in connection with the Offering equal to US\$350,000. This bonus has been paid by Cenveo from the proceeds received in consideration of the sale of the Company, thus is not included in the table above. Please refer to "interest of insiders in material transaction".

(6) Manon Cloutier was hired on November 28, 2005.

#### ***Management Profit Sharing Plan***

As part of the Fund's acquisition of Supremex, 2,364,228 Units valued at \$23,642,280 were issued to management employees of Supremex for a cash consideration of \$23,642 to amend the then existing management profit sharing plan. These Units are held in escrow and 50% will be released on March 31, 2008, 25% on March 31, 2009 and 25% on March 31, 2010, subject to earlier release under certain circumstances or sold to Supremex for a nominal consideration of \$0.01 per Unit in the event of the voluntary departure of the employee or termination by Supremex for cause prior the expiry of the four year escrow period. The initial value of such Units, net of the cash consideration received, is recorded as deferred compensation and is recorded as compensation expense over the vesting period.

The management employees of the Company (the "Management Employees") are entitled to share in the Company's profits which are in excess of a minimum return of capital employed (ROCE). ROCE is defined as the operating profit before the accrual for the bonus and profit sharing plans for Management Employees and before the corporate charges for the business units, divided by the capital employed,

which is based among other factors on the sum of (i) the average working capital for the preceding year, and (ii) the fair market value of the main manufacturing equipment and the net book value of the other assets for the preceding year. For the head office, the ROCE is based on the EBITDA before any accruals for bonus and profit sharing to Management Employees divided by the total capital employed. The targeted level of return is 20%. In the event that targeted level are achieved, the base bonus is fully payable. The base bonus is a percentage of the base salary of the Management Employees. For the profit sharing, the business units accumulate a percentage of the operating profit exceeding the targeted level of 20% return. In the event that the return of a business unit is below 15%, there is no bonus neither any profit sharing payable. The purpose of the plan is to incent the Management Employees to grow EBITDA through the sharing in 20% of any improvement in EBITDA assuming the same tangible asset base. The new plan is administered by the corporate governance, nominating and compensation committee.

### ***Termination of Employment, Change of Responsibilities and Employment Agreements***

The Company has entered into an employment agreement with each of the Named Executive Officers (collectively, the "Employment Agreements"). The Employment Agreements set out the duties and responsibilities and annual compensation (including the base salary) and benefits of the applicable Named Executive Officer and include confidentiality and non-competition covenants.

The initial base salary is as follows for each of the Named Executive Officers, subject to annual increases based on a cost-of-living adjustment and other increases as may be determined by the Company: (i) Gilles Cyr, \$250,000, (ii) Stéphane Lavigne, \$200,000, (iii) Stewart Emerson, \$175,000, and (iv) Manon Cloutier, \$120,000. In addition, the Named Executive Officers are eligible to receive an annual bonus calculated on the basis of 40% of the annual base salary in the case of the President and Chief Executive Officer and on the basis of 35% of the annual base salary in the case of the Vice-President, Chief Financial Officer and the Vice-President and General Manager and on the basis of 20% of the annual base salary in the case of the Corporate Controller, and also participate in the amended management profit sharing plan of the Company.

The confidentiality covenants apply indefinitely, while non-competition covenants apply during the Named Executive Officer's employment and for a period of two years nine months in the case of Manon Cloutier) following the termination of his or her employment with the Company.

In the event of the termination of the Named Executive Officer's employment (other than in the case of Manon Cloutier) by the Company without cause or by the Named Executive Officer in certain circumstances or in the event of a change of control of the Fund, the Employment Agreements provide that each Named Executive Officer will receive an aggregate amount equal to two times base salary, target bonus and profit sharing, plus certain benefits.

In addition to the employment agreements described above, the Company has entered into employment agreements with the other management employees that include non-competition covenants following the termination of their employment with the Company.

### ***Indebtedness of Trustees, Directors and Executive Officers***

None of the Trustees, Directors or executive officers of the Company, nor any associate of such Trustees, Directors or executive officers are, at the date hereof, indebted to the Fund or any of its subsidiaries. Additionally, the Fund has not provided any guarantee, support agreement, letter of credit or similar arrangement or undertaking in respect of any indebtedness of any such person to any other person or entity.

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

The Compensation, Corporate Governance and Nominating Committee consults generally with, and makes recommendations to the Board of Trustees on matters concerning executive compensation, including individual salary rates and other supplemental compensation.

#### **REPORT ON EXECUTIVE COMPENSATION**

The current compensation of the Trustees and officers of the Fund has been determined through negotiations in the context of the initial public offering of the Fund completed on March 31, 2006. The Board of Trustees believes that the Board members should be compensated in a form and amount which is appropriate and which is customary for comparable funds, having regard for such matters as time commitment, responsibility and trends in director compensation.

The Compensation, Corporate Governance and Nominating Committee's executive compensation philosophy is guided by its objective to obtain and retain executives critical to the success of the Fund and to enhance unitholder value. The compensation levels for senior management will be reviewed annually based on an assessment from the Compensation, Corporate Governance and Nominating Committee. The Fund's compensation program for senior management is composed of a base salary and annual bonus, and if applicable, Management Profit Sharing Plan. The annual bonus payments are based on the achievement by the Fund of annual financial and performance targets reviewed and approved by the Compensation, Corporate Governance and Nominating Committee. Senior management also participates in the Management Profit Sharing Plan, which is designed to motivate key personnel and align their interests with those of the unitholders.

Each senior manager's performance and related salary level, annual bonus target and amount of payment under the Management Profit Sharing Plan is reviewed and approved annually by the Compensation, Corporate Governance and Nominating Committee in conjunction with the Chief Executive Officer. Compensation matters relating to the Chief Executive Officer are approved by the Board of Trustees on the recommendation of the Compensation, Corporate Governance and Nominating Committee.

The Compensation, Corporate Governance and Nominating Committee is comprised of George Kobrynsky, Herbert Lukofsky and Harolde M. Savoy.

Signed by George Kobrynsky

Signed by Herbert Lukofsky

Signed by Harolde M. Savoy

#### **CORPORATE GOVERNANCE DISCLOSURE**

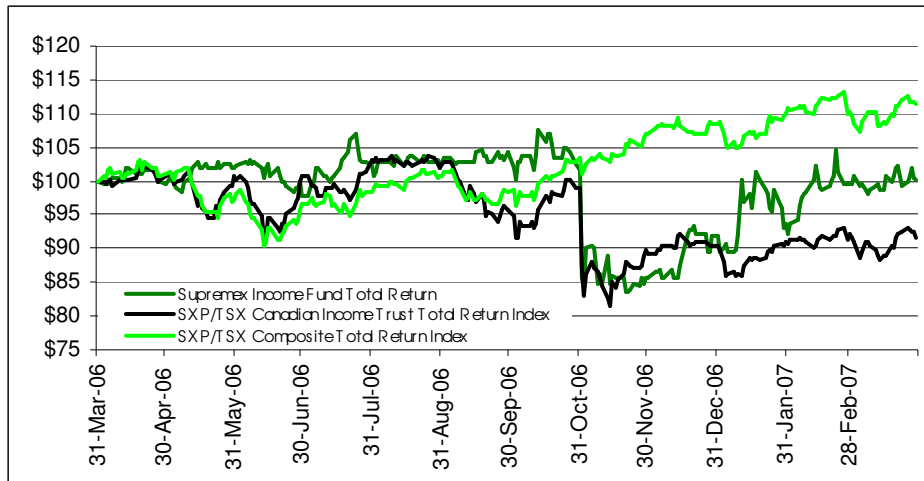
##### *Guidelines*

The Board of Trustees considers good corporate governance practices to be an important factor in the overall success of the Fund. Under the rules of the Canadian Securities Regulators, the Fund is required to disclose information relating to its system of corporate governance with reference to certain standards adopted by the Canadian Securities Administrators ("CSA"). The Fund's disclosure addressing each of these standards is set out in Schedule 1 of this Information Circular.

## PERFORMANCE GRAPH

The following graph compares the total cumulative return on \$100 invested in Units of the Fund on the Toronto Stock Exchange ("TSX") with the cumulative total return on the S&P/TSX Composite Index and the Canadian Income Trust Index (assuming reinvestment of distributions as of the date of payment of same) for the period from March 31, 2006 (the date of closing of the initial public offering of the Fund) to March 30, 2007.

Total return<sup>(1)</sup> from the initial public offering (March 31, 2006) to March 30, 2007.



(1) Assumes distributions paid by the Fund are reinvested in Units. Source: Bloomberg.



## INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere herein, no Trustee, Director, senior officer or other insider, as applicable, of the Fund and of the Company, nor any associate or affiliate of the foregoing persons has any substantial interest, direct or indirect, in any material transaction since the closing of the initial public offering of the Fund except for the following: (i) Jean Picard, the operation manager of the the Company facilities located in Montreal, Québec, is the holder, indirectly through his holding company, 154356 Canada Inc., of 30% of the shares of the lessor of the premises leased by the Company in Montreal, Québec, (ii) certain members of management received an aggregate bonus in respect to services performed in connection with the initial public offering equal to US\$350,000. This bonus was paid by Cenveo, Inc. from the proceeds received in consideration of the sale of the Company.

## APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote **FOR** the reappointment of Ernst & Young LLP ("E&Y"), Chartered Accountants, Montreal, as auditors of the Fund to hold office until the next annual meeting of Unitholders at a remuneration to be determined by the Trustees of the Fund. E&Y have been the auditors of the Fund since February 10, 2006.

## AUDIT FEES

During the year ended December 31, 2006 and 2005, the Fund retained its principal accountant, E&Y, to provide services in the categories and for the approximate amounts that follow:

Fees	2006	2005 *
Audit Fees	165,000	414,780
Audit-Related Fees	77,300	-
Tax Fees	12,543	888
All Other Fees	795,090	-
Total	1,049,933	415,688

\*The audit fees for the year ended December 31, 2005 include the fees paid for the audit of Supremex consolidated financial statements for the years ended December 31, 2004 and 2003 and Supremex consolidated balance sheet as at December 31, 2002 required in connection of the initial public offering.

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of the Fund's annual financial statements. The audit fees for the year ended December 31, 2005 include the fees paid for the audit of Supremex's consolidated financial statements for the years ended December 31, 2004 and 2003 and Supremex's consolidated balance sheet as at December 31, 2002 required in connection of the Initial Public Offering.

Audit-related fees. Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. These services consisted primarily of quarterly review, accounting consultations and the audit of the pension plan.

Tax fees. Tax fees were paid for the review of tax returns and assistance with questions regarding sales taxes.

All other fees. Other fees were paid for professional services rendered with respect to the filing of the Fund's prospectuses, including various consent and comfort letters and the translation of the financial portion of the

prospectuses, the whole in connection with the Initial Public Offering. These fees also include the professional services rendered in taxation in connection with the Initial Public Offering.

Additional details with respect to the Audit Committee and the above-mentioned fees can be found in section *Audit Committee Information* of the Fund's 2006 Annual Information Form dated March 22, 2007 which can be viewed at [www.sedar.com](http://www.sedar.com).

## **GENERAL**

The Trustees of the Fund know of no matter to come before the Meeting other than the matters referred to in the accompanying notice of the Meeting.

## **ADDITIONAL INFORMATION**

The Fund is a reporting issuer under the securities acts of all of the provinces of Canada and is therefore required to file consolidated financial statements and information circulars with the various securities commissions and similar authorities in Canada. The Fund will also file an Annual Information Form with those securities commissions and similar authorities in Canada. The Fund will provide to any person, upon request to the Fund at the principal and head office of the Fund is located at 7213 Corder, LaSalle, Québec, Canada, H8N 2J7, the following in English and/or French:

- (i) one copy of its most recent Annual Information Form, together with one copy of any document, or the pertinent pages of any such document, incorporated by reference therein;
- (ii) one copy of the consolidated financial statements of the Fund for its most recently completed financial year, together with the accompanying report of the auditors and the management discussion and analysis thereon, contained in the Fund's 2006 Annual Report; and
- (iii) one copy of this Notice of Annual Meeting of Unitholders and Information Circular.

The Annual Information Form is available from the date of its filing with the securities commissions or similar authorities in Canada.

The above documents, as well as the Fund's news releases, are also available at [www.supremex.com](http://www.supremex.com). Additional information relating to the Fund is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **APPROVAL OF TRUSTEES**

The contents and the mailing to the Unitholders of this Information Circular have been approved by the Board of Trustees of the Fund.

Dated March 22, 2007.

BY ORDER OF THE TRUSTEES OF  
SUPREMEX INCOME FUND  
(signed) Gilles Cyr  
President, Chief Executive Officer and Trustee of  
Supremex Income Fund

## **SUPREMEX INCOME FUND**

### **SCHEDULE 1 STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

In January 2004, CSA adopted Multilateral Instrument 52-110 – Audit Committees. Certain amendments to such instrument were subsequently adopted and are effective since June 30, 2005 (such instrument, as amended, the "CSA Audit Committee Rules"). The CSA Audit Committee Rules include requirements regarding audit committee composition and responsibilities, as well as reporting obligations with respect to audit related matters.

The CSA also adopted, effective on June 30, 2005, Multilateral Instrument 58-101 – Disclosure of Corporate Governance Practices (the "CSA Disclosure Instrument") and National Policy 58-201 – Effective Corporate Governance (the "CSA Governance Policy"). The CSA Governance Policy provides guidance on governance practices to Canadian issuers, while the CSA Disclosure Instrument requires issuers to make the prescribed disclosure regarding their governance practices. The disclosure made hereunder refers to the items of the CSA Disclosure Instrument. The Fund believes that its corporate governance practices comply with the requirements of the CSA Disclosure Instrument and the CSA Governance Policy, as reflected in the disclosure made hereunder.

The Fund's 2006 Annual Information Form, which may be obtained on request from Stéphane Lavigne or at [www.sedar.com](http://www.sedar.com), also contains information pertaining to corporate governance.

The Fund is dedicated to enhancing its corporate governance practices on an ongoing basis in order to respond to the evolution of best practices.

#### **Board of Trustees**

##### ***Trustee Independence***

The Board of Trustees has adopted standards for determining whether a Trustee is "independent" within the meaning of the CSA rules, and whether each member of the Audit Committee meets the applicable Canadian independence criteria for membership on public company audit committees. In summary, a Trustee is "independent" if the Board of Trustees determines that the Trustee is not a member of management of the Fund (including, as applicable, its subsidiaries and affiliates) and is free from any material relationship which could reasonably be expected to interfere with the Trustees' independent judgment, other than interests and relationship arising from unitholdings in the Fund.

The Compensation, Corporate Governance and Nominating Committee and the Board of Trustees participate in the determination of Trustee independence. The determinations are based on information concerning the personal, business and other relationships and dealings between the Trustees of the Fund, its subsidiaries and affiliates, collected through questionnaires completed by the Trustees. The Board has determined that a majority of the Trustees standing for election to the Board are "independent" within the meaning of the relevant CSA Disclosure Instrument, being L.G. Serge Gadbois, George Kobrynsky, Herbert Lukofsky and Harolde M. Savoy. The Board has determined that the Trustee nominee Gilles Cyr is not independent as he is the President and Chief Executive Officer of the Fund and the Company. The Board of Trustees has also determined that all members of the Audit Committee meet the additional Canadian independence requirements for membership on public company audit committees.

Please see "ELECTION OF TRUSTEES OF THE FUND — Trustees of the Fund" in this Information Circular for additional information relating to each Trustee standing for nomination, including other company boards on which they serve.

### *Independent Trustees' Meetings*

The independent members of the Board of Trustees are entitled to meet without any members of the Board of Trustees who are not independent and without management present.

### *Independent Chair*

The Board of Trustees has in place appropriate structures and procedures which ensure that the Board can function independently of management. The positions of Chief Executive Officer and Chairman of the Board are split. L.G. Serge Gadbois is the Chairman of the Board and is considered independent within the meaning of the CSA Disclosure Instrument. He is generally responsible for overseeing that the Board is carrying out its responsibilities, including overseeing that these responsibilities are carried out independently from management.

The Compensation, Corporate Governance and Nominating Committee is charged with facilitating the independent functioning of the Trustees and the Board of Directors and maintaining an effective relationship between the Trustees and the Board, on the one hand, and the senior management, on the other hand. The committee is responsible for reviewing and assessing the Trustees' and Board's relationship with management.

### *Trustee Attendance*

The Board of Trustees and the Board of Directors held six meetings during the period from the completion of the initial public offering to December 31, 2006. Overall, the combined attendance by the Trustees at the Board meetings was 93%. A record of attendance by Trustees at Board meetings during the financial year ended December 31, 2006 is set out under the heading " ELECTION OF TRUSTEES OF THE FUND — Meetings and Attendance" of the Information Circular.

### *Board Size*

The Board of Trustees is currently comprised of five Trustees and the Board of Trustees is of the view that its size and composition are well suited to the circumstances of the Fund and allow for the efficient functioning of the Board as a decision-making body.

### **Board Mandate**

The Board of Trustees has adopted a charter for itself which is reproduced under Schedule 2 to the Information Circular.

### **Position Descriptions**

The Board of Trustees has developed written charters for itself, the Compensation, Corporate Governance and Nominating Committee and the Audit Committee. Although the Board of Trustees does not have yet written position descriptions for the Chairman of the Board or the chair of each committee of the Board of Trustees, the Board of Trustees expects the Chairman of the Board to manage the Board and ensure that the Board carries out its mandate effectively and clearly understands and respects the

boundaries between the Board and management's responsibilities. The Board of Trustees also expects the Chairman of the Board to provide leadership to enhance Board effectiveness.

The Board of Trustees expects and requires that each committee chair's key role is to manage his respective committee and ensure that the committee carries out its mandate effectively. Like the Chairman of the Board, each committee chair is expected to provide leadership to enhance committee effectiveness and must oversee the committee's discharge of its responsibilities. Committee chairs must report regularly to the Board on the businesses of their committees.

The Board has delegated to the Chief Executive Officer and management the responsibility for the day-to-day management while respecting the Fund's strategic plans, operational agenda, corporate policies and financial limits approved from time to time by the Board. The Board expects to be advised on a regular basis as to the results being achieved, and to be presented for approval alternative plans and strategies proposed to be implemented, in keeping with evolving conditions. Furthermore, the Board expects the Chief Executive Officer and management to review the Fund's strategies, carry out a comprehensive budgeting process, monitor the Fund's performance against the budget and identify opportunities and risks affecting the Fund's operations and find ways to deal with them.

In addition to those matters which by law must be approved by the Board, or a committee of the Board to which approval authority has been delegated by the Board, Board approval is required for all matters of policy and all actions proposed to be taken by the Fund which are not in the ordinary course of business. In particular, the Board of directors of the Company approves major capital expenditures and any transaction out of the ordinary course of business.

### **Orientation and Continuing Education**

In addition to having extensive discussions with the Chairman of the Board and the Chief Executive Officer with respect to the business and operations of the Fund, new trustees will be provided with extensive information on the Fund's business, its strategic and operational business plans, its corporate objectives, its operating performance, its corporate governance system and its financial position. The Board is committed to ensure that any prospective candidate will fully understand the role of the Board and its committees and the contribution that individual Trustees are expected to make.

Presentations are made from time to time by management and outside consultants, including external lawyers, to the Board to educate and keep Board members informed of changes within the Fund and of regulatory and industry requirements and standards.

In addition, site visits are conducted with members of the Board of Trustees to enhance the Trustees' understanding of the Fund's business.

### **Ethical Business Conduct**

The Company has adopted a written Code of Business Ethics and Conduct (the "Code of Ethics") which provides guidelines and expectations to ensure that the Company's commitment to conduct business with the highest degree of ethical conduct is understood and complied with.

The Code of Ethics is reproduced under Schedule 5 to this Information Circular. A paper copy is also available upon request from the Secretary of the Company.

The Board is responsible for monitoring compliance with the Code of Ethics. The Code of Ethics will be distributed to employees and Trustees.

The Board can and does exercise independent judgment in considering transactions and agreements in respect of which a Trustee or executive officer has a material interest. The Board monitors the disclosure of conflicts of interest by Trustees and ensures that no Trustee will vote or participate in a discussion on a matter in respect of which such Trustee has a material interest.

The Board actively monitors compliance with the Code of Ethics and promotes a business environment where employees are encouraged to report malfeasance, irregularities and other concerns. The Board has adopted a whistleblower policy, reproduced under Schedule 6, which provides for specific procedures for reporting non-compliant practices in a manner which, in the opinion of the Board, encourages and promotes a culture of ethical business conduct. The Fund has engaged an outside consultant to whom anonymous calls can be addressed to.

### **Nomination of Trustees**

The responsibility for identifying, reviewing and recommending new candidates for nomination as Board member is delegated to the Compensation, Corporate Governance and Nominating Committee. Such committee maintains an overview of the desired size of the Board, the need for recruitment and the expected skill-set of the new candidates. The Board approves the final choice of candidates for nomination and election by the Unitholders.

The Board has established a nominating committee, namely the Compensation, Corporate Governance and Nominating Committee, which is composed of George Kobrynsky, Herbert Lukofsky and Harolde M. Savoy, all of whom are independent.

The responsibilities, powers and operation of the Compensation, Corporate Governance and Nominating Committee are set out in its charter reproduced under Schedule 3 to this Information Circular.

### **Compensation**

The actual compensation of the Trustees and officers of the Fund, has been determined through negotiations in the context of the initial public offering of the Fund completed on March 31, 2006. The Board of Trustees believes that the Board members should be compensated in a form and amount which is appropriate and which is customary for comparable funds, having regard for such matters as time commitment, responsibility and trends in director compensation.

The Compensation, Corporate Governance and Nominating Committee is responsible for reviewing and recommending to the Board of Trustees the compensation of the Trustees, including annual retainer, meeting fees, and other benefits conferred upon the Trustees and any compulsory unit ownership policy for Board members and members of the senior management team, if considered appropriate.

The responsibility for reviewing the appropriate compensation for the Chief Executive Officer and senior management is delegated to the Compensation, Corporate Governance and Nominating Committee, which shall ensure that compensation policies are designed to recognize and reward performance and are in accordance with existing market standards in the industry. Executive compensation will be reviewed annually by the Compensation, Corporate Governance and Nominating Committee to ensure that base salaries are competitive relative to the industry and that bonuses reflect financial operating performance of the Company.

The Board of Trustees has established a compensation committee, namely the Compensation, Corporate Governance and Nominating Committee, which is composed of George Kobrynsky, Herbert Lukofsky and Harolde M. Savoy, all of whom are independent.

The responsibilities, powers and operation of the Compensation, Corporate Governance and Nominating Committee are set out in its charter reproduced under Schedule 3 to this Information Circular.

### **Board Committees**

The Board of Trustees has two committees, the Compensation, Corporate Governance and Nominating Committee and Audit Committee has no other permanent standing committee. Their written charters can be found, respectively, at Schedules 3 and 4 of this Information Circular.

### **Assessment of Trustees**

The Compensation, Corporate Governance and Nominating Committee, at least annually, will evaluate the effectiveness of the Board as a whole, the committees and the committee chairs, and the contribution and qualification of individual Trustees. The Board believes that the Board, the committees of the Board, the chairs of the committees of the Board and individual Trustees are effectively fulfilling their responsibilities.

# **SUPREMEX INCOME FUND**

## **SCHEDULE 2 CHARTER OF THE BOARD**

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### **PURPOSE**

This charter prescribes the role of the board of trustees of Supremex Income Fund (the "Fund") and the boards of directors of Supremex Inc. (the "Corporation") (the board of trustees of the Fund and the boards of directors of the Corporation are collectively referred to herein as the "Board") This charter is subject to the provisions of the Fund's Declaration of Trust (as amended by the amended and restated Declaration of Trust dated as of March 31, 2006) and the articles of incorporation and by-laws of the Corporation and to applicable laws. This charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by such Declaration of Trust, articles of incorporation and by-laws and applicable laws. The board members are elected annually by the unitholders of the Fund and together with those appointed to fill vacancies or appointed as additional board members throughout the year, collectively constitute the Board.

### **ROLE**

The prime stewardship responsibility of the Board is to ensure the viability of the Fund and the Corporation and to ensure that it is managed in the interests of the unitholders as a whole.

The Board establishes the overall policies for the Fund and the Corporation, monitors and evaluates the Fund's and the Corporation's strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management. Accordingly, in addition to the powers and authorities conferred upon the trustees in the Fund's Declaration of Trust, and to the duties of the directors of a Canadian corporation as prescribed by applicable laws, the mandate of the Board is to supervise the management of the business and affairs of the Fund and the Corporation with a view to evaluate, on an ongoing basis, whether the Fund's and the Corporation's resources are being managed in a manner consistent with enhancing unitholder value, ethical considerations and stakeholder's interests. In discharging their duties, board members must act honestly and in good faith, with a view to the best interests of the Fund and the Corporation. Board members must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **COMPOSITION**

#### *Selection*

The Board shall be comprised of that number of board members as shall be determined from time to time by the Board upon recommendation of the Compensation, Corporate Governance and Nominating Committee of the Board.

The Compensation, Corporate Governance and Nominating Committee of the Board maintains an overview of the desired size of the Board, the need for recruitment and the expected skill-set of the new candidates. The Compensation, Corporate Governance and Nominating Committee reviews and recommends to the Board the candidates for nomination as board members. The Board approves the final choice of candidates for nomination and election by the unitholders.



Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the geographical areas in which the Fund and the Corporation operate. Board members selected should be able to commit the requisite time for all of the Board's business.

#### *Chairman and Lead Member*

A Chairman of the Board shall be appointed by the Board. If the President or any senior executive of the Corporation is also the Chairman of the Board, a Lead Member to the Board shall be appointed among the Board's independent members. The Lead Member shall ensure that the Board carries its responsibilities effectively and its role and responsibilities shall be set out in a written charter.

#### *Independence*

A majority of the Board shall be composed of board members who must be determined to have no material relationship with the Fund and the Corporation and who, in the reasonable opinion of the Board, must be independent under the laws, regulations and listing requirements to which the Fund is subject.

#### *Criteria for Board membership*

Board members are expected to possess the following characteristics and traits:

- (a) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (b) act honestly and in good faith with a view to the best interests of the Fund and the Corporation;
- (c) devote sufficient time to the affairs of the Fund and the Corporation and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as a Committee members;
- (d) provide independent judgment on a broad range of issues;
- (e) understand and challenge the key business plans of the Fund and the Corporation;
- (f) raise questions and issues to facilitate active and effective participation in the deliberations of the Board and of each Committee;
- (g) make all reasonable efforts to attend all Board and Committee meetings; and
- (h) review the materials provided by management in advance of the Board and Committee meetings.

#### *Term limits and retirement age for board members*

The Board has determined that neither fixed term limits nor a compulsory retirement age for board members should be established. The Board is of the view that such a policy would have the effect of forcing board members off the Board who have developed, over a period of service, increased insight into the Fund and the Corporation and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide on-going input of fresh ideas and views. The Board will therefore use the formal evaluation of its Board members every second year to consider the appropriate term limitations, if any.

## **COMPENSATION**

The Board determines from time to time that the board members should be compensated in a form and amount which is appropriate and which is customary for comparable funds, having regard for such matters as time commitment, responsibility and trends in director compensation.

## **RESPONSIBILITIES**

Without limiting the Board's governance obligations, general Board responsibilities shall include the following:

### ***A. WITH RESPECT TO STRATEGIC PLANNING***

- (a) Approving the Fund's and the Corporation's long-term strategy, taking into account, amongst other matters, business opportunities and risks.
- (b) Approving and monitoring the implementation of the Fund's and the Corporation's annual business plan.
- (c) Advising management on strategic issues.

### ***B. WITH RESPECT TO HUMAN RESOURCES AND PERFORMANCE ASSESSMENT***

- (a) Choosing the President and approving the appointment of other senior management executives.
- (b) Monitoring and assessing the performance of the President and of senior management and approving their compensation, taking into consideration Board expectations and fixed goals and objectives.
- (c) Monitoring management and Board succession planning process.
- (d) Monitoring the size and composition of the Board and its Committees based on competencies, skills and personal qualities sought in board members.
- (e) Approving the list of Board nominees for election by unitholders.

### ***C. WITH RESPECT TO FINANCIAL MATTERS AND INTERNAL CONTROL***

- (a) Monitoring the integrity and quality of the Fund's and the Corporation's financial statements and the appropriateness of their disclosure.
- (b) Reviewing the general content of, and the Audit Committee's report on the financial aspects of, the Fund's Annual Information Form, Annual Report, Management Proxy Information Circular, Management's Discussion and Analysis, prospectuses and any other document required to be disclosed or filed by the Fund before their public disclosure or filing with regulatory authorities.
- (c) Approving annual operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investment or divestitures.
- (d) Determining distribution policies and procedures.

- (e) Taking all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
- (f) Monitoring the Fund's and the Corporation's internal control and management information systems.
- (g) Monitoring the Fund's and the Corporation's compliance with applicable legal and regulatory requirements.
- (h) Reviewing at least annually the Fund's communications policy and monitoring the Fund's communications with analysts, investors and the public.

**D. *WITH RESPECT TO CORPORATE GOVERNANCE MATTERS***

- (a) Taking all reasonable measures to satisfy itself as to the integrity of the President and other executive officers and that management creates a culture of integrity throughout the Fund and the Corporation.
- (b) Reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback, and the adequate public disclosure thereof.
- (c) Adopting and reviewing, on a regular basis, the Fund's Code of Business Ethics and Conduct applicable to the Fund's trustees and to the directors, senior officers and other officers and employees of the Corporation and monitoring compliance with such code.

**E. *WITH RESPECT TO OTHER MATTERS***

- (a) Overseeing the development and implementation, and assessing and monitoring, environmental, safety and security policies, procedures and guidelines of the Corporation.
- (b) Overseeing the Whistleblower Procedures, including in respect of financial matters.

**MEETINGS**

The Board will meet at least quarterly, with additional meetings scheduled as required. Each trustee has a responsibility to attend and participate in meetings of the Board. The Chairman will prepare and distribute the meeting agenda and minutes to the Board.

The meeting of the board of trustees of the Fund and meetings of the boards of directors of the Corporation will be held on the same day.

Information and materials that are important to the Board's understanding of the agenda items and related topics are distributed in advance of a meeting. The Fund and the Corporation will deliver information on the business, operations and finances of the Fund and the Corporation to the Board on an as required basis.

On the occasion of each Board meeting, non-management board members will meet in camera session under the chairmanship of the Chairman or the Lead Member, if any. Additional meetings may be held at

the request of any board member. The Chairman or Lead Member, as the case may be, will forward to the President any questions, comments or suggestions of the board members.

## **BOARD COMMITTEES**

There are two Committees of the Board: the Audit Committee and the Compensation, Corporate Governance and Nominating Committee. The roles and responsibilities of each Committee is described in the respective Committee charters.

The Audit Committee and the Compensation, Corporate Governance and Nominating Committee shall each have at least three members who have no material relationship with the Fund and the Corporation and such members shall be otherwise independent under the laws, regulations and listing requirements to which the Fund is subject.

## **ADVISERS**

The Board may engage outside advisors at the expense of the Fund in order to assist the Board in the performance of its duties and set and pay the compensation for such advisors.

The Board has determined that any board member who wishes to engage a non-management advisor to assist on matters involving the board member's responsibilities as a board member at the expense of the Fund should review the request with, and obtain the authorization of, the Chairman of the Board.

## **BOARD INTERACTION WITH THIRD PARTIES**

If a third party approaches a board member on a matter of interest to the Fund or the Corporation, the board member should bring the matter to the attention of the Chairman who shall determine whether this matter should be reviewed with management or should more appropriately be dealt by the Board in camera session.

## **COMMUNICATION WITH THE BOARD**

Unitholders and other constituencies may communicate with the Board and individual board members by contacting any one of the Chairman of the Board, the Chairman of the Audit Committee or the Chairman of the Compensation, Corporate Governance and Nominating Committee.

## **OTHER MATTERS**

The Board expects board members, as well as officers and employees of the Corporation to act ethically at all times and to acknowledge their adherence to the policies comprising the Code of Business Ethics and Conduct (the "Code"). The Board, with the help of the Compensation, Corporate Governance and Nominating Committee, is responsible for monitoring compliance with the Code.

Board members shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the board member has a conflict of interest. In addition, the board member shall excuse himself or herself from any discussion or decision on any matter in which the board member is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

## **SUPREMEX INCOME FUND**

### **SCHEDULE 3 COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

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#### **PURPOSE**

The Compensation, Corporate Governance and Nominating Committee is a committee of the Board of Trustees of Supremex Income Fund and the Board of Directors of Supremex Inc. (the "Corporation"). Its primary function is to assist the Board members, as well as the Trustees of Supremex Income Fund (the "Fund"), in fulfilling their applicable responsibilities to the Fund, the Corporation, the unitholder(s), the investment community and others by:

- (a) reviewing and recommending to the Board for approval the compensation of the President and other members of the senior management team;
- (b) ensuring that appropriate mechanisms are in place regarding succession planning for the position of President and other senior management positions;
- (c) reviewing corporate goals and objectives relevant to the President and other senior management positions;
- (d) administering of the Corporation's and the Fund's compensation plans for senior management and the Board, including the Management Profit Sharing Plan (the "MPSP"), any other unit plans, outside Directors' compensation plans, including any unit ownership policy for Board members and members of the senior management team, and such other compensation plans or structures as are adopted by the Corporation from time-to-time;
- (e) assessing the effectiveness of the Board as a whole as well as discussing the contribution of individual members, with a formal evaluation of the Board to take place every second year;
- (f) periodically assessing the Corporation's and the Fund's governance;
- (g) proposing new nominees for appointment to the Board or Trustees where applicable;
- (h) orienting new Directors and Trustees; and
- (i) administering of the Code of Business Ethics and Conduct.

#### **COMPOSITION AND MEETINGS**

1. The Committee should be comprised of such members as are determined by the Board, all of whom should be free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee and each of whom should be (or should become within a reasonable period of time after appointment) familiar with corporate governance practices.

2. The members of the Committee and its Chairman shall be elected by the Board on an annual basis, or until their successors are duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee Membership.
3. The Committee should meet at least once per annum or more frequently as circumstances require. The Committee may ask members of Management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information it deems appropriate for the purpose of fulfilling its role. In addition, the Committee may retain the services of outside compensation specialists or other experts to the extent required.
4. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.
5. Meetings of the Committee shall be held from time to time as any member of the Committee shall determine upon 48 hours notice to each of members. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Secretary shall be entitled to request that any member of the Committee call a meeting.

## **ROLE**

The Committee should:

1. Determine any desired agenda items.
2. Review this Charter on an annual basis and recommend to the Board changes to this Charter, as considered appropriate from time to time.
3. Summarize in the Corporation's annual report the Committee's composition and activities.
4. Submit the minutes of all meetings of the Committee to the Board.

### *Review of Compensation*

1. Review the senior management and Board compensation policies and/or practices followed by the Corporation and/or the Fund and seek to ensure such policies are designed to recognize and reward performance and establish a compensation framework, which is industry competitive and which results in the creation of shareholder/unitholder value over the long-term (*i.e.*, management and Board incentives are aligned with owners' gains).
2. Seek to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect individual performance in the context of the overall performance of the Corporation/Fund. Overall performance should be measured by issues such as profitability, unit price, distributions and initiatives being undertaken in the year, which should provide future shareholder/unitholder benefit. Participation in the MPSP should reflect the level of responsibility and level of contribution of senior managers within the Corporation.

### *Report on Executive Compensation*

1. The Committee shall prepare a report on Executive Compensation on an annual basis in connection with the preparation of the annual proxy circular or as otherwise required pursuant to applicable securities laws.
2. The Report on Executive Compensation should describe the process undertaken by the Committee and should speak to the weighting factors and target levels set out in the determination of the Executive's compensation. Where there are no clearly pre-established targets or payout ranges, the Report on Executive Compensation should clearly indicate this fact.

### *Compensation of the Board*

1. The Committee is responsible for reviewing and recommending to the Board the compensation of the Board /Trustees, including annual retainer, meeting fees and other benefits conferred upon the Directors/Trustees and any compulsory unit ownership policy for Board members and members of the senior management team, if considered appropriate.

### *Reporting Process*

1. The Committee's role is to review and submit to the Board as a whole, recommendations concerning executive compensation and compensation plan matters. Unless such matters are delegated, the Committee shall only make recommendations to the Board for their consideration and approval, if appropriate. The Board will have the responsibility to instruct management to implement the Board's directives.

### *Governance*

1. The Committee should review, on a periodic basis, the size and composition of the Board and ensure that an appropriate number of independent members sit on the Board.
2. The Committee should facilitate the independent functioning and seek to maintain an effective relationship between the Board and senior management of the Corporation.
3. The Committee should assess the effectiveness of the Chairman of the Board.
4. The Committee should assess, at least annually, the effectiveness of the Board as a whole, Committees of the Board and the contribution and qualification of individual Directors, including making recommendations where appropriate that a sitting Director be removed or not re-appointed.

### *Nominating Responsibilities*

1. The Committee should, as necessary or appropriate, establish qualifications for Directors/Trustees and procedures for identifying possible nominees who meet these criteria.
2. The Committee should provide orientation or information as requested to new Directors/Trustees.
3. The Committee should analyze the needs of the Board when vacancies arise on the Board and identify and recommend nominees who meet such needs.

### *Reporting*

1. The Committee should review with the Board the Committee's judgment as to the quality of the Corporation's/Fund's governance and suggest changes to the Corporation's/Fund's operating governance guidelines as determined appropriate.
2. The Committee should record minutes of its meetings and submit those to the whole Board on a timely basis.

### *General*

1. **Notwithstanding the foregoing and subject to applicable law, nothing contained in this Charter is intended to require the Committee to ensure the Corporation's or the Fund's compliance with applicable laws or regulations.**
2. **The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders or the Fund's unitholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or the Fund or other liability whatsoever.**



**SUPREMEX INCOME FUND**  
**SCHEDULE 4**  
**AUDIT COMMITTEE CHARTER**

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**ROLE AND PURPOSE**

The Audit Committee (sometimes referred to herein as the "Committee") is a committee of the Board of Supremex Inc. (the "Corporation") as well as the Trustees of Supremex Income Fund (the "Fund"). The primary function of the Audit Committee is to assist the Board members and the Trustees in fulfilling their roles by:

- (a) recommending to the Board the appointment and compensation of the external auditor;
- (b) overseeing the work of the external auditor, including the resolution of any issues between the external auditor and management;
- (c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Fund or its subsidiaries by the external auditor;
- (d) reviewing and recommending the approval of the annual and interim financial statements, related management discussion and analysis ("MD&A"), and annual and interim earnings press releases before such information is publicly disclosed;
- (e) ensuring that adequate procedures are in place for the review of the Fund's public disclosure of financial information, other than those described in (d) above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures; and
- (f) reviewing and approving any proposed hiring of current or former partner or employee of the current and former auditor of the Fund or its subsidiaries.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in this Charter. However, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles ("GAAP"), to conduct investigations, or to assure compliance with laws and regulations or the Fund's or the Corporation's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor, as the case may be.

**COMPOSITION OF THE COMMITTEE AND MEETINGS**

1. The Audit Committee must be constituted as required under Multilateral Instrument 52-110, as it may be amended from time to time ("MI 52-110").
2. The Committee should be comprised of such members as are determined by the Board, all of whom should be independent members Directors (as defined by MI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

3. All members of the Committee must (except to the extent permitted by MI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund's financial statements).
4. The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
5. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Trustee. The Board may fill vacancies on the Audit Committee by election from among the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains.
6. The Committee shall meet at least four times annually, or more frequently as circumstances require.
7. The Committee Chair may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Fund with senior employees, officers and the external auditor of the Fund or the Corporation, and others as they consider appropriate.
8. In order to foster open communication, the Committee or its Chair shall meet at least quarterly with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Fund's interim financial statements.
9. Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall determine by resolution.
10. Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board and the external auditor, and the President and Chief Executive Officer and the Vice President, Chief Financial Officer and Corporate Secretary of the Corporation, shall be entitled to request that any member of the Committee call a meeting.
11. The Committee shall determine any desired agenda items.

## **ACTIVITIES**

The Audit Committee shall, in addition to the matters described in Section 1:

1. Review on an annual basis and recommend to the Board changes to this Charter as considered appropriate from time to time.

2. Review the public disclosure regarding the Audit Committee required by MI 52 110.
3. Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Fund and the Corporation to assess their independence.
4. Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
5. Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
6. Arrange for the external auditor to be available to the Committee and the Board as needed.
7. Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor.
8. Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Fund's and/or the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.
9. Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
10. Consider proposed major changes to the Fund's and/or the Corporation's accounting principles and practices.
11. If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
12. Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
13. Periodically consider the need for an internal audit function, if not present.
14. Following completion of the annual audit and, if applicable, quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
15. Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

16. Review activities, organizational structure and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board.
17. Review management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

#### **GENERAL MATTERS**

1. The Committee is authorized to retain independent counsel, accountants, consultants and any other professionals ("Advisors") it deems necessary to carry out its duties, and the Committee shall have the authority to determine the compensation of and to cause the Fund or the Corporation to pay any such Advisors.
2. The Committee is authorized to communicate directly with the external (and, if applicable, internal) auditors as it sees fit.
3. If considered appropriated by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.
4. **Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible for preparing financial statements, for planning or conducting internal or external audits or for determining that the Fund's and/or the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, as these are the responsibility of management and in certain cases the external auditor, as the case may be. Nothing contained in this Charter is intended to make the Committee liable for any non-compliance by the Fund or the Corporation with applicable laws or regulations.**
5. **The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Fund's and/or the Corporation's shareholders or the Fund's unitholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or the Fund or to any other liability whatsoever.**

**SUPREMEX INCOME FUND**  
**SCHEDULE 5**  
**CODE OF BUSINESS ETHICS AND CONDUCT**

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**PURPOSE AND APPLICATION**

Supremex Income Fund (the "Fund") and Supremex Inc. ("Supremex"), are committed to maintain high standards of integrity and accountability in conducting their business while at the same time seeking to grow the business and value. This code of business ethics and conduct (the "Code") provides a framework of guidelines and principles to govern ethical and professional behaviour in conducting our business.

This Code applies to all directors, officers, employees, consultants and sub-contractors of Supremex. The guidelines set out in this Code may be further supplemented by specific corporate, divisional or departmental policies. As with all guidelines or principles, you are expected to use your own judgement and discretion, having regard to these standards, to determine the best course of action for any specific situation. If you are unsure about a particular situation or course of action speak to your immediate supervisor or any senior executive officer of Supremex if you are not comfortable speaking with your immediate supervisor.

When faced with a situation, to help you make ethical choices, ask yourself the following questions:

- Is this legal?
- Is it fair?
- Would I want other people to know I did it?
- How would I feel if I read about it in the newspaper?
- How will I feel about myself if I do it?
- What would I tell my child or a close friend to do in a similar situation?

**CONFLICTS OF INTEREST**

It is our policy to ensure that Supremex's best interests are paramount in all of our dealings with customers, suppliers, contractors, competitors, existing and potential business partners and other representatives and are conducted in a manner that avoids actual or potential conflicts of interest.

In general, a conflict of interest exists where a representative's personal interests interfere with his or her ability to act in the best interests of Supremex. Conflicts of interests may exist in any situation where your ability to act objectively, or in the best interests of Supremex, are influenced. These include the receipt of improper material personal benefits by you or your family and friends, as a result of your position with Supremex.

Full and timely disclosure of any actual or potential conflict of interest is strongly encouraged. Proper disclosure provides an opportunity to obtain advice from the appropriate level of management and to resolve actual or potential conflicts of interests in a timely and effective manner. Directors and officers shall disclose any potential material conflicts of interest in writing to the Board of Directors of Supremex, as administrator of the Fund, for review on a quarterly basis in accordance with applicable law.

## **PROTECTION AND USE OF SUPREMEX' ASSETS AND OPPORTUNITIES**

All representatives are responsible for protecting Supremex's assets from improper use including fraud, theft and misappropriation. It is Supremex's policy to protect its assets and promote their efficient use for legitimate business purposes. This requires proper documentation (which is timely, accurate and complete) and appropriate use of discretion. Supremex's assets should not be wasted through carelessness or neglect nor appropriated for improper personal use. Proper discretion and restraint should always govern the personal use of Supremex's assets.

### *Corporate Opportunities*

The benefit of any business venture, opportunity or potential opportunity resulting from your employment with Supremex should not be appropriated for any improper personal advantage. As employees, officers and directors, a duty is owed to Supremex to advance its legitimate interests when the opportunity to do so arises.

## **CONFIDENTIALITY OF CORPORATE INFORMATION**

Information is a key asset of Supremex. It is our policy to ensure that Supremex's proprietary and confidential information, including proprietary and confidential information that has been entrusted to Supremex by others, is adequately safeguarded. All confidential information, including information about Supremex's business, assets, opportunities, products, customers, suppliers and competitors, should be properly protected from advertent or inadvertent disclosure. Confidential information should be conspicuously marked or identified as being confidential whenever practicable and should be disclosed only when properly authorized or required by law or stock exchange requirements or where appropriate in furtherance of Supremex's interests.

## **FAIR DEALING WITH OTHER PEOPLE AND ORGANIZATIONS**

All business dealings undertaken on behalf of Supremex should be conducted in a manner that preserves our integrity and reputation. It is Supremex's policy to seek to avoid misrepresentations of material facts, manipulation, concealment, abuse of confidential information or any other illegal or unfair practices in all dealing with Supremex's security holders, customers, suppliers, competitors and employees.

## **COMPLYING WITH THE LAW**

Supremex strives to ensure that its business is conducted in all material respects in accordance with all applicable laws, stock exchange rules and securities regulations in all the Canadian jurisdictions.

Specifically, it is also our policy to seek to comply with all applicable securities laws and regulations to ensure that material information which is not generally available to the public ("inside information") is disclosed in accordance with the law. This includes implementation of policies and procedures, as set out in our Insider Trading Policy, to protect against the improper use or disclosure of inside information, including improper trading of securities while in possession of inside information.

## **REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOUR**

Supremex strives to foster a business environment that promotes integrity and deters unethical or illegal behaviour. It is our responsibility to seek to monitor and ensure compliance with the guidelines set out in this Code, including compliance with accounting, internal accounting controls or auditing applicable to

Supremex. Any concerns or complaints in this regard shall be communicated in accordance with Supremex's Whistleblower Procedures.

It is Supremex's policy to ensure that you can communicate freely in respect of matters covered by this Code. No one may retaliate against you for expressing a concern or complaint in good faith regarding a perceived violation of this Code. Retaliation includes any form of penalty, adverse employment consequence, including discharge, suspension, demotion or transfer, harassment or discrimination. In addition to reporting suspected violations of this Code, and concerns regarding accounting, internal accounting controls or auditing matters some provincial and federal legislation relating to environmental, labour, privacy, human rights, competition, securities law and other matters also provide protection to individuals who report suspected violations under those laws. All representatives are encouraged to comply fully with the requirements of these laws if any violation or breach is suspected, without fear of retaliation.

## **COMPLIANCE AND WAIVERS**

It is the role of the Compensation, Corporate Governance and Nominating Committee to seek to monitor compliance with the Code. Disciplinary measures may be taken against any representative who authorizes, directs, approves or participates in any violation of a provision of this Code. These measures will depend upon the circumstances of the violation and may range from formal sanction or reprimand to dismissal from employment. Consideration will be given to whether or not a violation was intentional, as well as to the level of good faith shown by a representative in reporting the violation or in cooperating with any resulting investigation or corrective action. In addition, persons who violate the law during the course of their employment are subject to criminal and civil penalties, as well as payment of civil damages to Supremex or third parties. A Director or officer who violates this Code may be asked to resign or may not be nominated for re-election.

Waivers from the Code will generally only be granted in appropriate circumstances upon full review and consideration of a request for a waiver, on a case-by-case basis. Waivers granted for the benefit of senior officers or directors require approval from the Compensation, Corporate Governance and Nominating Committee, which should ascertain whether a waiver is appropriate and seek to ensure that the waiver is accompanied by appropriate controls designed to protect Supremex's interests.

All matters of concern, including requests for waivers, shall be communicated to the President and Chief Executive Officer of Supremex.

**SUPREMEX INCOME FUND  
and SUPREMEX INC.  
(collectively, "Supremex")**

**SCHEDULE 6  
WHISTLEBLOWER PROCEDURES**

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**INTRODUCTION**

This is a general description of the procedures that have been established by Supremex for the reporting of illegal or unethical activities by trustees, directors, officers or employees of Supremex. Employees who have information about any breach or suspected breach by any trustee, officer, director or employee of Supremex's Code of Business Ethics and Conduct or any governmental, administrative or stock exchange laws, rules or regulations ("**laws or rules**") are encouraged to bring such matters to the attention of their immediate supervisor or to any other senior executive of Supremex or to the firm appointed from time to time by the Board as its external consultant for purposes of this Policy (the "**Consultant**"), or to submit an anonymous report pursuant to these procedures. Supremex has also implemented procedures to allow employees to make confidential and anonymous reports of any questionable accounting or auditing matters and has established specific procedures for the receipt, retention and treatment of all complaints regarding accounting, internal accounting controls or auditing matters ("**financial matters**") as described below.

You are encouraged to come forward with relevant information without regard to the identity or position of the suspected offender. Supremex endeavours to ensure that no acts of retribution or retaliation are taken against anyone making a good faith report. Supremex has established procedures to investigate, confirm and address suspected wrongdoing thus you should not hesitate to report if you have an honest belief that any wrongdoing has or will occur. Failure to report illegal or unethical activity can itself be understood to condone the offensive conduct.

**IN-PERSON REPORTING**

Information about known or suspected violations of any laws or rules can be reported directly to your immediate supervisor, to any other senior executive of Supremex or to any member of the Board. These individuals are required to forward all reports to the Chief Executive Officer and the Chief Financial Officer who will report to the Compensation, Corporate Governance and Nominations Committee.

**ANONYMOUS REPORTING**

Anonymous reports of known or suspected violations of any laws or rules, including financial matters, can be made through the normal internal procedures or the Consultant via a dedicated phone line that will be communicated to all employees.

The person making the report will remain anonymous and will not be required to reveal his/her identity, although providing it may assist in investigating the case.

**INVESTIGATION AND RECORD KEEPING**

Securities laws require the Audit Committee to establish procedures for the receipt, retention and treatment of complaints regarding financial matters. The full Board has decided to establish such



procedures and to oversee this Policy. The following is a general description of these procedures, which will apply as appropriate to the handling of complaints regarding non-financial matters:

1. Each submission that is received by the Consultant will be logged and recorded in its own confidential and secure file. Supervisors, senior managers, officers, trustees and directors are required to forward all submissions received directly by them immediately to the CEO who will then report to the Compensation, Corporate Governance and Nominations Committee.
2. An investigation will be conducted to determine the nature, severity and credibility of the complaint. The investigation will be conducted in accordance with all applicable laws and all reasonable efforts will be made to preserve the anonymity of the complainant, where requested or required. In certain circumstances, Supremex may be required to disclose matters relating to material infractions of financial matters or other matters in accordance with securities laws or stock exchange rules. In such cases, Supremex will endeavour to make adequate disclosure in a timely and appropriate manner.
3. Every year end, the Consultant will prepare a report for the Board setting out in general terms the aggregate number of complaints received. Management will summarize the investigations conducted, if any, and the outcome of those complaints and investigations.
4. The Consultant has been instructed to promptly report to the chair of the Compensation, Corporate Governance and Nominations Committee and/or the Chief Executive Officer any well-founded complaint that he or she believes may have material adverse consequences for Supremex.
5. Records regarding all complaints and investigations will be preserved as required by applicable securities laws. As required under applicable securities laws, submissions by employees regarding questionable accounting, internal accounting controls or auditing matters will be kept strictly confidential and anonymous.

## **PROTECTION AGAINST RETALIATION**

Any act or threat of retaliation against an individual who participates in reporting or investigating a violation of the Code of Business Ethics and Conduct or any laws or rules, even if the allegation is mistaken (provided it was made in good faith) is illegal. Acts or threats of retaliation should be reported immediately to the Consultant or to the chair of the Compensation, Corporate Governance and Nominations Committee.

Employees should be aware that the Consultant and those assisting him or her are obligated to act in the best interests of Supremex and do not act as personal representatives for employees.

*These Whistleblower Procedures have been approved by the full Board of trustees of Supremex Income Fund on November 8, 2006 and may be amended at any time by the Board of trustees.*