



**Notice of Annual Meeting of Shareholders**

**and**

**Management Information Circular**

April 11, 2012

## TABLE OF CONTENTS

<b><u>DESCRIPTION</u></b>	<b><u>PAGE NO.</u></b>
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS .....	1
COMMONLY ASKED QUESTIONS AND ANSWERS – VOTING AND PROXIES .....	2
EXCHANGE RATE .....	6
GENERAL PROXY INFORMATION .....	6
Solicitation of Proxies .....	6
Appointment and Revocation of Proxies .....	6
Exercise of Discretion by Proxies .....	6
Voting Securities and Principal Holders Thereof .....	8
Financial Statements .....	10
Election of Directors .....	10
Appointment of Auditor .....	10
Cease Trade Orders, Bankruptcies, Penalties and Sanctions .....	13
DIRECTOR COMPENSATION .....	14
Standard Compensation Arrangements .....	14
Director Compensation Table .....	14
Other Compensation Arrangements .....	15
Directors' and Officers' Insurance .....	16
Loans to Directors .....	16
Retirement Policy for Directors .....	16
STATEMENT OF CORPORATE GOVERNANCE PRACTICES .....	16
Board of Directors .....	17
Board Mandate .....	19
Position Descriptions .....	20
Orientation and Continuing Education .....	21
Ethical Business Conduct .....	21
Audit Committee .....	22
Compensation Committee .....	23
Corporate Governance and Nominating Committee .....	24
STATEMENT OF EXECUTIVE COMPENSATION .....	26
Compensation Discussion and Analysis .....	26

**TABLE OF CONTENTS**

**(Continued)**

<b><u>DESCRIPTION</u></b>	<b><u>PAGE NO.</u></b>
Compensation Governance .....	26
Summary Compensation Table .....	34
Termination and Change of Control Benefits.....	36
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS .....	38
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	39
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON .....	39
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	39
ADDITIONAL INFORMATION .....	39
CONTACTING THE BOARD OF DIRECTORS .....	39
DIRECTORS' APPROVAL.....	40
SCHEDULE "A" – TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS .....	A-1

**ECOSYNTHETIX INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of Shareholders (the “**Meeting**”) of EcoSynthetix Inc. (“EcoSynthetix” or the “**Company**”) will be held at Cassels Brock & Blackwell LLP, 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2 on May 14, 2012 at 10 a.m. (Eastern Standard time), for the following purposes:

- (a) To receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2011 and the report of the auditors thereon;
- (b) To elect directors of the Company for the ensuing year;
- (c) To appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
- (d) To transact such other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by a Management Information Circular, either a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders, and a copy of the audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2011. Shareholders will be able to request to receive copies of the Company’s annual and/or interim financial statements and MD&A by marking the appropriate box on the form of proxy or voting instruction form, as applicable. The audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2011 are being sent to all shareholders and are available upon request to the Company at [info@ecosynthetix.com](mailto:info@ecosynthetix.com) or they can be found under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company’s website at <http://www.ecosynthetix.com>.

Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy or voting instruction form, as applicable, so that as large a representation as possible may be had at the Meeting.

The Board of Directors has by resolution fixed the close of business on April 5, 2012 as the record date, being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

The Board of Directors has by resolution fixed 10:00 a.m. (Eastern Standard time) on May 10, 2012, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays), as the time before which proxies to be used or acted upon at the Meeting or any adjournment thereof shall be deposited with the Company’s transfer agent.

**DATED** at Burlington, Ontario this 11<sup>th</sup> day of April, 2012.

By Order of the Board of Directors



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John van Leeuwen  
Chairman of the Board

## COMMONLY ASKED QUESTIONS AND ANSWERS – VOTING AND PROXIES

**Q. Who is soliciting my proxy?**

**A.** The management of EcoSynthetix Inc. (“**EcoSynthetix**” or the “**Company**”) is soliciting your proxy. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company. The cost of solicitation will be borne by the Company.

**Q. What is quorum for the Meeting?**

**A.** Quorum is needed to transact business at the Meeting. The Company’s by-laws require two persons present in person, each being a shareholder entitled to vote or a duly appointed proxy or proxyholder, representing not less than 25% of the common shares entitled to vote.

**Q. Who is entitled to vote?**

**A.** You are entitled to vote if you were a holder of common shares of EcoSynthetix as of the close of business on April 5, 2012. Each common share is entitled to one vote.

**Q. When are proxies due?**

**A.** Duly completed and executed proxies must be received by the Company’s transfer agent at the address indicated on the enclosed envelope no later than 10:00 a.m. (Eastern Standard time) on May 10, 2012, or no later than 48 hours before the time of any adjourned meeting (excluding Saturdays, Sundays and holidays).

**Q. How many votes are required to pass a matter on the agenda?**

**A.** A simple majority of the votes cast, in person or represented by proxy, is required for each of the matters specified in this Management Information Circular.

**Q. How do I vote?**

**A.** If you are eligible to vote and your shares are registered in your name, you can vote your shares in person at the Meeting or by signing and returning your form of proxy by mail in the prepaid envelope provided or by fax to the number indicated on the form or online at the website indicated on the form.

If your shares are not registered in your name but are held by a nominee (usually a bank, trust company, securities broker or other financial institution), please see the question and answer below.

**Q. If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker or other financial institution), how do I vote my shares?**

**A.** If your shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), you are a “non-registered” shareholder and your nominee is required to seek instructions from you as to how to vote your shares. Your nominee will have provided you with a package of information including these meeting materials and either a form of proxy or a voting instruction form. Carefully follow the instructions accompanying the proxy or voting instruction form.

**Q. What if I am a non-registered shareholder and do not give voting instructions to my nominee?**

**A.** As a non-registered shareholder, in order to ensure your shares are voted in the way you would like, you **must** provide voting instructions to your bank, broker or other nominee by the deadline provided in the materials you receive from your bank, broker or other nominee. If you do not provide voting instructions to your bank, broker or other nominee, your shares will not be voted.

**Q. What happens if I want to attend the Meeting and vote in person?**

**A.** If you are a registered shareholder and wish to vote in person, you may present yourself to a representative of the scrutineer of the Meeting, CIBC Mellon Trust Company (“**CIBC Mellon**”). Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon. Your vote will be taken and counted at the Meeting. If you wish to vote in person at the Meeting, do not complete or return the form of proxy.

The Company **does not** have the names of its non-registered shareholders. Therefore, if you attend the Meeting, the Company will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as a proxyholder. If you wish to vote in person at the Meeting, insert your own name in the space provided (appointee section) on the form of proxy or voting instruction form sent to you by your nominee. In doing so, you are instructing your nominee to appoint you as a proxyholder. Complete the form by following the return instructions provided by your nominee. Do not otherwise complete the form as you will be voting in person at the Meeting. You should present yourself to a representative of CIBC Mellon upon arrival at the Meeting.

**Q. Should I sign the form of proxy enclosed with this Management Information Circular?**

**A.** If you are a registered shareholder you must sign the enclosed form of proxy for it to be valid. If you are a non-registered shareholder please read the instructions provided by your nominee.

**Q. What if my shares are registered in more than one name or in the name of a company?**

**A.** If the shares are registered in more than one name, all those persons in whose name the shares are registered must sign the form of proxy. If the shares are registered in the name of a company or any name other than your own, you should provide documentation that proves you are authorized to sign the form of proxy. If you have any questions as to what documentation is required, contact CIBC Mellon prior to submitting your form of proxy.

**Q. Can I appoint someone other than the individuals named in the enclosed form of proxy to vote my shares?**

**A.** **Yes, you have the right to appoint some other person of your choice who need not be a shareholder of the Company to attend and act on your behalf at the Meeting.** If you wish to appoint a person other than those named in the enclosed form of proxy, then strike out those printed names appearing on the form of proxy and insert the name of your chosen proxyholder in the space provided. *NOTE: It is important to ensure that any other person you appoint is attending the Meeting and is aware that his or her appointment has been made to vote your shares.* Proxyholders should, on arrival at the Meeting, present themselves to a representative of CIBC Mellon.

**Q. Where do I send my completed proxy?**

**A.** You should send your completed proxy to:

CIBC Mellon Trust Company  
320 Bay Street  
P.O. Box 1  
Toronto ON M5H 4A6  
CANADA

or by fax to: (416) 643-6409

**Q. Can I change my mind once I send my proxy?**

**A.** If you are a registered shareholder and have returned a form of proxy, you may revoke it by:

1. completing and signing another form of proxy bearing a later date, and delivering it to CIBC Mellon; or
2. delivering a written statement, signed by you or your authorized attorney to:
  - (a) the registered office of EcoSynthetix located at 3365 Mainway, Burlington, Ontario L7M 1A6, Attention: Melissa Faye, at any time up to and including May 11, 2012 or, if the Meeting is adjourned, the business day preceding the day to which the Meeting is adjourned; or
  - (b) the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or, if the Meeting is adjourned, the day to which the Meeting is adjourned.

If you are a non-registered shareholder, contact your nominee.

**Q. How will the shares be voted if I send my proxy?**

**A.** The shares represented by your proxy must be voted as you instruct in the form of proxy. If you properly complete and return your proxy but do not specify how you wish to vote, your shares will be voted as your proxyholder sees fit. Unless contrary instructions are provided, shares represented by proxies received by management will be voted as follows:

- (a) FOR the election of directors of the Company as set out in this Management Information Circular; and
- (b) FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration.

**Q. What if amendments are made to these matters or if other matters are brought before the Meeting?**

**A.** If you attend the Meeting in person and are eligible to vote, you may vote on such matters as you choose.

If you have completed and returned the form of proxy, the person named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders of EcoSynthetix, and with respect to other matters which may properly come before the Meeting. As of the date of this Management Information Circular, the management of the Company knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

**Q. What if I am a registered shareholder and do not submit a proxy?**

**A.** As a registered shareholder, if you do not submit a proxy prior to 48 hours before the Meeting or you do not attend and vote at the Meeting, your shares will not be voted on any matter that comes before the Meeting.

**Q. Who counts the votes?**

**A.** A scrutineer, employed by the Company's registrar and transfer agent, CIBC Mellon, will count the votes and report the results to the Company.

**Q. Is my vote confidential?**

**A.** Your proxy vote is confidential. Proxies are received, counted and tabulated by CIBC Mellon. CIBC Mellon does not disclose the results of individual shareholder votes unless: they contain a written comment clearly intended for management; in the event of a proxy contest or proxy validation issue; or if necessary to meet legal requirements.

**Q. If I need to contact CIBC Mellon, the Company's registrar and transfer agent, how do I reach them?**

**A.** You can contact the Company's registrar and transfer agent:

by mail at: CIBC Mellon Trust Company  
320 Bay Street  
P.O. Box 1  
Toronto ON M5H 4A6  
CANADA

by telephone at: (416) 643-5000

by fax at: (416) 643-6409

**ECOSYNTHETIX INC.**

**MANAGEMENT INFORMATION CIRCULAR**

**EXCHANGE RATE**

*Unless otherwise stated, the information contained in this Management Information Circular is as of April 11, 2012. All dollar amounts referenced herein, unless otherwise indicated, are expressed in United States dollars and Canadian dollars are referred to as "C\$". Unless otherwise stated, any United States dollar amounts which have been converted from Canadian dollars have been converted at the exchange rate of C\$1.00 = US\$0.98, being the average annual exchange rate for Canadian dollars in terms of United States dollars for the year ended December 31, 2011.*

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of EcoSynthetix Inc. ("EcoSynthetix" or the "Company") for use at the annual meeting of shareholders (the "Meeting") of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting.** References in this Management Information Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company. The cost of solicitation will be borne by the Company.

The Board of Directors of the Company (the "**Board**") has fixed the close of business on April 5, 2012 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent at the address indicated on the enclosed envelope no later than 10:00 a.m. (Eastern Standard time) on May 10, 2012, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays).

**Appointment and Revocation of Proxies**

The persons named in the enclosed form of proxy are officers or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company's transfer agent indicated on the enclosed envelope no later than 10:00 a.m. (Eastern Standard time) on May 10, 2012, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays).**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the registered office of the Company (3365 Mainway, Burlington, Ontario L7M 1A6, Attention: Melissa Faye) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

**Exercise of Discretion by Proxies**

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of all the resolutions described**

**below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Management Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Voting by Non-Registered Shareholders**

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the notice of meeting, this Management Information Circular and the form of proxy (which includes a place to request copies of the Company’s annual and/or interim financial statements and MD&A (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

1. be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
2. be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with CIBC Mellon Trust Company, 320 Bay Street, P.O. Box 1, Toronto ON M5H 4A6 or by facsimile at (416) 643-6409. Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Company they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person’s name in the blank space provided. **In either case, Non-Registered Shareholders should carefully**

**follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

#### **Voting Securities and Principal Holders Thereof**

As of April 11, 2012, the total for issued and outstanding shares (the "**Common Shares**") was 46,750,757, in the capital of the Company. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting has been fixed at April 5, 2012. In accordance with the provisions of the *Business Corporations Act* (Ontario) (the "**OBCA**"), the Company will prepare a list of holders of Common Shares as of such record date. Each holder of Common Shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the Meeting. All such holders of record of Common Shares are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company's transfer agent within the time specified in the attached Notice of Meeting, to attend and vote thereat by proxy the Common Shares held by them.

On August 4, 2011, the Company completed an initial public offering of 11,150,000 Common Shares at a price of C\$9.00 per share for gross proceeds of C\$100,350,000. In connection with the offering, EcoSynthetix Ltd. ("**EcoSynthetix U.S.**") was acquired by the Company from certain of the existing shareholders in exchange for approximately 33,640,663 Common Shares, on the basis of seven Common Shares for each share of common stock of EcoSynthetix U.S. held. The remaining approximately 23% of the outstanding shares of common stock of EcoSynthetix U.S. continued to be held by retained interest holders (the "**Retained Interest Holders**"). The Retained Interest Holders and the Company entered into a put/call agreement pursuant to which the Retained Interest Holders are entitled to sell their shares of common stock of EcoSynthetix U.S. (the "**Covered Shares**") to the Company at any time prior to the date that is five years following the closing of the offering (the "**Put Expiry Date**") in exchange for Common Shares of the Company on the basis of seven common shares for one Covered Share, subject to adjustment. In addition, the Company is entitled to purchase the Covered Shares held by the Retained Interest Holders at any time from the period commencing one year following the Put Expiry Date to the date that is two years following the Put Expiry Date in exchange for seven common shares for one Covered Share, subject to adjustment.

#### **Principal Shareholders**

To the knowledge of the directors and executive officers of the Company, and based on existing information as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company, except as set forth in the table below.

<b>Name of Shareholder</b>	<b>Number of Common Shares Held <sup>(1)</sup></b>	<b>Percentage of Common Shares Outstanding</b>
Lions Investment Ltd. <sup>(2)</sup>	13,309,372	28.47% <sup>(3)</sup>
Cargill, Incorporated	160,510	0.34% <sup>(4)</sup>

- 
- (1) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been obtained by the Company from publicly disclosed information and/or furnished by the principal shareholders.
  - (2) Mr. John van Leeuwen is an investment advisor to Lions Investment Ltd. Mr. van Leeuwen does not have a beneficial ownership interest in Lions Investment Ltd.
  - (3) Assuming all Retained Interest Holders exchange their shares of common stock of EcoSynthetix U.S. for Common Shares, Lions Investment Ltd. would hold 24.09% of the outstanding Common Shares.
  - (4) Assuming all Retained Interest Holders, including Cargill, Incorporated, exchange their shares of common stock of EcoSynthetix U.S. for Common Shares, Cargill, Incorporated would hold 6,037,647 Common Shares or 10.93% of the outstanding Common Shares.

## **PARTICULAR OF MATTERS TO BE ACTED UPON**

### **Financial Statements**

The audited consolidated financial statements of the Company for the year ended December 31, 2011 and the report of the auditors thereon will be placed before the shareholders at the Meeting, but no vote thereon is required.

The audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2011 are available upon request to the Company or they can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.ecosynthetix.com](http://www.ecosynthetix.com).

### **Election of Directors**

The Company's Articles of Incorporation (the "**Articles**") provide that the Board consist of a minimum of one and a maximum of ten directors. The Board currently consists of five directors. At the Meeting, the five persons set out under the heading "Election of Directors" will be proposed for election as directors of the Company (the "**Nominees**"). Each of the Nominees was appointed as a director of the Company in connection with the initial public offering and is currently a director. Each director elected will hold office until the close of the first annual meeting of shareholders of the Company following his or her election or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the by-laws of the Company. The Nominees proposed for election as directors were recommended to the Board by the Corporate Governance and Nominating Committee and are listed under the heading "Election of Directors" on page 11.

**Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the election of the Nominees.** Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority will be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve.

### **Appointment of Auditor**

At the Meeting, shareholders will be asked to appoint the firm PricewaterhouseCoopers LLP to hold office as the Company's auditors until the close of the next annual meeting of shareholders and to authorize the Board to fix their remuneration.

**Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration.**

The auditors of the company PricewaterhouseCoopers LLP, Chartered Accountants, were first appointed on May 20, 2011. During the years ended December 31, 2011 and 2010, the following fees were paid by the Company to its independent registered chartered accountants:

<b>Type of Work</b>	<b>2011 Fees (\$)</b>	<b>2010 Fees<sup>(1)</sup> (\$)</b>
Audit fees	\$86,500	\$41,800
Audit-related fees	\$602,625	-
Tax fees	\$731,454	\$10,680
All other fees	-	-
<b>Total</b>	<b>\$1,420,579</b>	<b>\$52,480</b>

(1) Fees paid by EcoSynthetix U.S. prior to completion of the initial public offering.

For further information see the Company's annual information form (the "**AIF**") dated March 30, 2012. The AIF is available under the Company's profile at [www.sedar.com](http://www.sedar.com).

**ELECTION OF DIRECTORS**

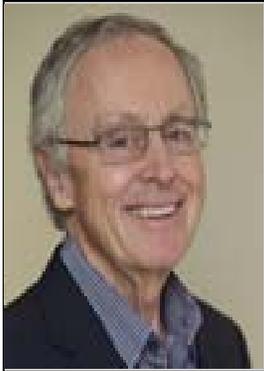
Five directors are to be elected at the Meeting, each of whom is to hold office until the end of the next annual meeting of shareholders or until their successors' are elected or appointed. All nominees have established their eligibility and willingness to serve as directors.

The following tables set forth the details with respect to each Nominee, and is based upon information furnished by the Nominee concerned and the principal occupations, businesses or employments of each of the Nominees within the past five years are disclosed in the brief biographies.

The tables also show the details regarding current directorships held in other public companies, the current share ownership, consisting of common shares beneficially owned, directly or indirectly or controlled or directed, options, the value of total compensation received during the period from August 4, 2011 to December 31, 2011, and the total market value of the securities held.

		<p>Mr. van Leeuwen co-founded EcoSynthetix U.S. in 1996, has served as its Chairman since its inception and has served as Chief Executive Officer since 2004. In May 2011, Mr. van Leeuwen received the Canadian Innovator of the Year award on behalf of the Company from PricewaterhouseCoopers. From 1996 to 2004, Mr. van Leeuwen was Chief Executive Officer of Tech Inspirations Inc., a venture capital company with a focus on investments in computer software, internet and biotechnology companies. From 1990 to 1996, he was responsible for the start-up of the North American operations of the software company Baan Company N.V. and as part of that group's senior management team led it to a successful initial public offering on the NASDAQ in May 1995. In addition, he has significant management, technology &amp; product marketing and chemical research &amp; development experience acquired during his time with Strohn CIM Systems, Inc., Monsanto Chemical Company and Shell Chemicals. He holds a B.A.Sc. in Chemistry with honours from the University of Waterloo.</p> <p><b><u>Current Principal Occupation:</u></b> Chairman and Chief Executive Officer of the Company</p>		
<p><b>JOHN VAN LEEUWEN</b> Ontario, Canada Director since: 1996<sup>(1)</sup> Non-Independent</p>		<p><b>Committee Membership:</b></p> <p>N/A</p>	<p><b>Attendance:</b></p> <p>N/A</p>	<p><b>Other Public Board Memberships and Committees:</b></p> <p>N/A</p>
<b>As at December 31, 2011<sup>(3)</sup></b>				
<b>Year</b>	<b>Common Shares Beneficially Owned, Controlled or Directed</b>	<b>Options</b>	<b>Total Market Value of Common Shares</b>	<b>Value of Total Compensation Received:</b>
2011	326,660 <sup>(2)</sup>	2,741,452	\$1,605,998	\$373,648 <sup>(4)</sup>

		<p>Mr. Barker is a finance professional with general management experience. Mr. Barker was Senior Vice President and Chief Financial Officer of Zenon Environmental Inc. from 2000 to 2005. He was responsible for managing the finance and information technology of over 35 subsidiary companies in 25 different countries. Most notably, he led teams that raised over \$140 million between 2002 and 2004, and assisted in the sale of Zenon Environmental Inc. to General Electric Company. Mr. Barker currently serves as Chair of the Audit Committee of EcoSynthetix U.S. He also sits on the Board of Directors of Aeroquest International Limited a Toronto Stock Exchange ("TSX") listed company where he serves as the Chair of the Audit Committee and Titan Medical Inc. a TSX Venture Exchange company.</p> <p><b><u>Current Principal Occupation:</u></b> Director</p>		
<p><b>JOHN E. BARKER</b> Ontario, Canada Director since: 2008<sup>(1)</sup> Independent</p>		<p><b>Committee Membership:</b></p> <p>Board Corporate Governance and Nominating Committee Audit Committee (Chair) Compensation Committee</p>	<p><b>Attendance:</b></p> <p>100% 100% 100% 100%</p>	<p><b>Other Public Board Memberships and Committees:</b></p> <p>Titan Medical Inc. (Audit Committee) Aeroquest International Limited</p>
<b>As at December 31, 2011<sup>(3)</sup></b>				
<b>Year</b>	<b>Common Shares Beneficially Owned, Controlled or Directed</b>	<b>Options</b>	<b>Total Market Value of Common Shares</b>	<b>Value of Total Compensation Received:</b>
2011	17,500	73,500	\$86,037	\$40,313



Mr. Colcleugh earned a B.A.Sc, M.A.Sc. and Ph.D. in Chemical Engineering and Applied Chemistry from the University of Toronto where he was recently appointed Leadership Development Professor. He joined Du Pont Canada Inc. ("DuPont") in 1963 as a Research Engineer. During his career with Du Pont, he held many senior management positions. Prior to being appointed Chair, President and Chief Executive Officer of DuPont Canada Inc. in 1997, a position held until retirement in 2003, he was the president of DuPont Asia Pacific. He currently sits on the Board of Directors of BIOX Corporation, KmX Membrane Technologies Corp. (a private company), Chemtrade Logistics Income Fund and was recently appointed as a Fellow of the Canadian Academy of Engineering.

**Current Principal Occupation:** Director

<b>DAVID W. COLCLEUGH</b> Ontario, Canada Director since: 2008 <sup>(1)</sup> Independent	<b>Committee Membership:</b>	<b>Attendance:</b>	<b>Other Board Memberships and Committees:</b>
	Board (Lead Director) Audit Committee Compensation Committee Corporate Governance and Nominating Committee (Chair)	100% 100% 100%	BIOX Corporation Chemtrade Logistics Income Fund KmX Membrane Technologies Corp.

As at December 31, 2011 <sup>(3)</sup>				
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2011	108,631	84,000	\$534,076	\$45,230



Mr. Varghese is currently President and Chief Executive Officer of JV Venture Partners, Chairman of Sprott Power ("SPZ.TO"), and Chairman of Direct Media Technologies Inc. Mr. Varghese has over 20 years professional experience ranging from venture capital and investment banking to senior management and board of director roles in various industries. He was Chief Executive Officer and a co-owner of VentureLink Innovation Fund Inc. from 2003 to 2011 and has held senior management roles within multinational corporations including Royal Bank Capital Corporation, Midland Walwyn Capital Inc. (Merrill Lynch Canada), Dell Computer Corporation, and Jim Pattison Industries Ltd. He is an active member of the venture capital industry, sitting on the Executive Committee and on the board of directors of the Canadian Venture Capital and Private Equity Association, where he chairs the Membership committee. He is also on the board of directors of Nano Ontario, a member of the Alberta Innovates nanoWorks Steering Committee, and on the executive committee of the Canadian Innovation Exchange. Mr. Varghese is a founding Board member of Bay Street Fore A Cau\$e Inc., a not-for-profit corporation that supports numerous children's charities across Toronto. Mr. Varghese is a past member of University of Toronto's Business board of directors and a past board member of the University of Toronto Asset Management Corporation. Mr. Varghese obtained his Chartered Accountant designation in 1991. He graduated from the University of Western Ontario with an Economics degree in 1988.

**Current Principal Occupation:** President and Chief Executive Officer of JV Venture Partners

<b>JOHN VARGHESE</b> Ontario, Canada Director since: 2011 <sup>(1)</sup> Independent	<b>Committee Membership:</b>	<b>Attendance:</b>	<b>Other Public Board Memberships and Committees:</b>
	Board Audit Committee Compensation Committee (Chair) Corporate Governance and Nominating Committee	100% 100% 100% 100%	Sprott Power Corp.

As at December 31, 2011 <sup>(3)</sup>				
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2011	5,500	0	\$27,040	\$39,330



Dr. Carty is currently the Executive Director, Waterloo Institute for Nanotechnology. Prior to this appointment, Dr. Carty was the National Science Advisor to the Prime Minister and to the Government of Canada from 2004 to 2008 and the Adjunct Professor and Member, School of Graduate Studies and Research, University of Ottawa from 1995 to 2007. From 1994 to 2004, Dr. Carty served as the President of the National Research Council of Canada. Prior to this role, Dr. Carty spent two years at Memorial University and then 27 years at the University of Waterloo where he was successively professor of chemistry, director of the Guelph-Waterloo Center for Graduate Work in Chemistry, Chair for two terms and Dean of Research. Dr. Carty has over 320 publications in peer reviewed journals and five patents to his credit. He is a former president of the Canadian Society for Chemistry, an honorary fellow of the Canadian Academy of Engineering and a fellow of the Royal Society of Canada and the Fields Institute. Amongst his many awards are the Alcan Award and the Montreal Medal of the Chemical Institute of Canada, the Queen Elizabeth II Golden Jubilee Medal and the Taiwan National Science Council Professional Medal. He has been accorded thirteen honorary degrees from 77 foreign and Canadian universities. Dr. Carty is an Officer of the Order of Canada and has also been honoured by France as Officier de l'Ordre national du Mérite. He has won numerous scholarships and awards, most recently being awarded the National Leader Award, Genome British Columbia in 2010 and the Honorary Fellow, Canadian Academy of Engineering in 2009. Currently, Dr. Carty is an Advisory Board member for the Institute for Diagnostic Imaging Research, a Board member of DBL Cleantech Capital Inc., the Chair of the Board of Innovative Materials Technologies, a Board member of Bilcare Limited (India), a member of the Advisory Board of the Center for Electron Microscopy, McMaster University, Brockhouse Institute for Materials Science and a Council member, Science and Technology in Society Forum (Japan). Dr. Carty holds a Bachelor of Science, Chemistry and a Ph.D. (Inorganic Chemistry) from the University of Nottingham.

**Current Principal Occupation:** Executive Director, Waterloo Institute for Nanotechnology

<b>DR. ARTHUR CARTY</b> Ontario, Canada Director since: 2011 <sup>(1)</sup> Independent	<b>Committee Membership:</b>	<b>Attendance:</b>	<b>Other Public Board Memberships and Committees:</b>
	Board Compensation Committee Corporate Governance and Nominating Committee Audit Committee	100% 100% 100% 100%	BILCARE (Pune, India)

As at December 31, 2011<sup>(3)</sup>

Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2011	5,000	0	\$24,582	\$35,397

- (1) This reflects date of appointment of such individual as a director of EcoSynthetix U.S.
- (2) Mr. van Leeuwen is an investment advisor to Lions Investment Ltd. Mr. van Leeuwen does not beneficially own, or control or direct, directly or indirectly, the Common Shares held by Lions Investment Ltd.
- (3) Calculated using the closing price of the Common Shares on the TSX on December 30, 2011 of US\$4.916 (C\$5.00).
- (4) Mr. van Leeuwen does not receive any compensation for his role as Chairman. As a NEO of the company, the compensation noted is his yearly compensation.

**Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

No proposed director of the Company is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Company (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to (i) 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) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

### **DIRECTOR COMPENSATION**

The philosophy and benchmarking with respect to director compensation is the same as for executive compensation, as discussed on page 26. The objectives of the Company's compensation program for directors are to attract, retain and inspire performance of members of the Board of a quality and nature that will enhance the sustainable profitability and growth of the Company. The compensation is intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of their roles. The Compensation Committee believes that the compensation policy and its principles provide for competitive and reasonable compensation levels.

#### **Standard Compensation Arrangements**

The following table sets forth the annual retainers and fee structure for the directors for the period from August 4, 2011 to December 31, 2011:

	<b>Amount</b>		<b>Individual</b>
Non-Executive Director Annual Retainer <sup>(1)</sup>	C\$25,000	\$24,582	Each independent director
Lead Director	C\$10,000	\$9,833	David Colcleugh
Chair of the Audit Committee	C\$5,000	\$4,916	John E. Barker
Chair of the Compensation Committee	C\$5,000	\$4,916	John Varghese
Chair of the Corporate Governance and Nominating Committee	C\$2,000	\$1,967	David W. Colcleugh
Board Meeting Fee <sup>(2)</sup>	C\$1,000	\$983	Each independent director

**Notes:**

(1) All directors will be entitled to be reimbursed for expenses incurred by them in their capacity as directors.

(2) Meeting fees of C\$1,000 per day for each Board or committee of the Board meeting attended.

During the period from August 4, 2011 to December 31, 2011, an aggregate of approximately \$160,000 was paid in cash to the non-executive directors. Directors who are employees of the Company receive no additional compensation for serving on the Board.

The Company intends to adopt a deferred share unit ("DSU") plan for its directors. It is expected that directors will have the ability to opt to receive a percentage of their annual retainer in the form of DSUs.

#### **Director Compensation Table**

The following table provides information regarding compensation paid to the Company's non-executive directors during the period from August 4, 2011 to December 31, 2011.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
John E. Barker	40,313	NIL	NIL	NIL	NIL	40,313
David W. Colcleugh	45,230	NIL	NIL	NIL	NIL	45,230
John Varghese	40,313	NIL	NIL	NIL	NIL	40,313
Dr. Arthur Carty	35,397	NIL	NIL	NIL	NIL	35,397

The table below breaks down the non-executive directors' fees paid for the period from August 4, 2011 to December 31, 2011. Directors are also reimbursed for any expenses incurred while acting in their capacity as directors.

Name	Board Annual Retainer (\$)	Committee Chair Retainer (\$)	Aggregate Board Attendance Fee <sup>(1)</sup> (\$)	Aggregate Committee Attendance Fee <sup>(2)</sup> (\$)	Total Fees (\$)
John E. Barker	24,582	4,916	4,915	5,900	40,313
David W. Colcleugh	24,582	9,833	4,915	5,900	45,230
John Varghese	24,582	4,916	3,932	5,900	39,330
Dr. Arthur Carty	24,582	NIL	4,915	5,900	35,397
<b>TOTALS</b>	98,328	19,665	19,660	23,600	160,270

- (1) These Board attendance fees are based on five (5) Board meetings held during the year ended December 31, 2011.  
(2) These Committee attendance fees are based on six (6) Committee meetings held during the year ended December 31, 2011  
(3) Minor expenses in the form of mileage reimbursement were compensated when requested by Board members. The total reimbursement for all directors did not exceed C\$5,000

### Other Compensation Arrangements

#### **Incentive Plan Awards**

The following table provides information regarding the incentive plan awards for each non-executive director outstanding as of December 31, 2011.

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

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed <sup>(3)</sup>
John E. Barker	24,500 24,500 24,500	0.774 0.797 1.170	Oct 22, 2013 August 31, 2014 August 31, 2015	101,479 100,915 91,777	NIL	NIL	NIL
David W. Colcleugh	35,000 24,500 24,500	0.774 0.797 1.170	May 14, 2013 August 31, 2014 August 31, 2015	144,970 100,915 91,777	NIL	NIL	NIL
John Varghese	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Dr. Arthur Carty	NIL	NIL	NIL	NIL	NIL	NIL	NIL

- (1) Calculated using the closing price of the Common Shares on the TSX on December 30, 2011 of C\$5 (US\$4.916) at the exchange rate of C\$1.00 = US\$0.98 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) Options were issued by EcoSynthetix U.S. under predecessor plans and are governed by the Rollover Plan (as defined herein). See "Rollover Plan".

**Directors' and Officers' Insurance**

**Directors' and Officers' Liability Insurance**

The Company implemented a directors' and officers' liability insurance policy effective August 10, 2011. The policy provides coverage for costs incurred to defend and settle claims against directors and officers of the Company to an annual limit of \$25 million with a \$100,000 deductible per indemnifiable claim. The cost of coverage for 2011 was approximately \$93,250. Directors and officers do not pay any portion of the premiums and no claims were made or became payable in 2011.

**Loans to Directors**

The Company does not make personal loans or extensions of credit to its directors or executive officers. There are no loans outstanding from the Company to any of its directors or executive officers.

**Retirement Policy for Directors**

The Company does not have a retirement policy for its directors where directors have to retire at a certain age.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 - *Corporate Governance Guidelines* deals with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* requires that, if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular in accordance with Form 58-101F1 – *Corporate Governance Disclosure*.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The following is a description of the Company's corporate governance practices which has been prepared by the Corporate Governance and Nominating Committee and has been approved by the Board.

### **Board of Directors**

#### **Independence of the Board**

Pursuant to National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with, a director's independent judgement.

The Board has considered the relationship to the Company of each of the Nominees and has determined that four out of five directors, being a majority of the members of the Board, are independent within the meaning of NI 52-110. Each of John E. Barker, David W. Colcleugh, John Varghese and Dr. Arthur Carty are independent. John van Leeuwen is not independent as he is the Chief Executive Officer of the Company. The independent directors meet as a group every time there is a scheduled Board meeting. During the period from August 4, 2011 to December 31, 2011, the independent directors met five times.

The following table sets out the relationship of directors to the Company.

#### **Independent Status of Directors**

<b><u>Name</u></b>	<b><u>Independent</u></b>	<b><u>Non-Independent</u></b>	<b><u>Reason for Non-Independent Status</u></b>
John E. Barker	√		
David W. Colcleugh	√		
John Varghese	√		
Dr. Arthur Carty	√		
John Von Leeuwen		√	Chief Executive Officer

The Company has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Company. To facilitate the ability of the Board to function independently of management, the following structures and processes are in place:

- an independent Lead Director has been elected;
- under the by-laws of the Company, any one director may call a meeting of the Board;
- the Chairman and Chief Executive Officer's compensation is considered, in his absence, by the Compensation Committee at least once a year;
- in addition to the standing committees of the Board, independent committees may be appointed from time to time, when appropriate;
- the independent directors will meet at the end of each Board meeting without management and non-independent directors present to facilitate open and candid discussion among the independent directors; and

- any items of discussion which could involve a potential conflict of interest among one or more directors will be voted on by those directors who do not have a conflict in connection with the relevant matter.

### Committees of the Board

The Board has the following three standing committees:

- the Audit Committee;
- the Compensation Committee; and
- the Corporate Governance and Nominating Committee.

All of the committees are comprised of independent directors as that term is defined under the Governance Guidelines and the committees are all independent of management and report directly to the Board. From time to time, when appropriate, *ad hoc* committees of the Board may be appointed by the Board. The current membership of each standing committee of the Board is as follows:

Name	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
<b>Independent directors</b>			
John E. Barker	✓	✓	✓
David W. Colcleugh	✓	✓	✓
John Varghese	✓	✓	✓
Dr. Arthur Carty	✓	✓	✓

### Meetings of the Board and Committees of the Board

During the period from August 4, 2011 to December 31, 2011, the Board met five times, the Audit Committee met two times, the Compensation Committee met three times, and the Corporate Governance and Nominating Committee met one time. The following table provides details regarding director attendance at Board and committee meetings held during such time.

Director	Board (5 meetings)		Audit Committee (2 meetings)		Compensation Committee (3 meetings)		Corporate Governance and Nominating Committee (1 meetings)	
	Number	%	Number	%	Number	%	Number	%
John van Leeuwen	5	100	2	100	3	100	1	100
John E. Barker	5	100	2	100	3	100	1	100
David W. Colcleugh	5	100	2	100	3	100	1	100
John Varghese	4	80	2	100	3	100	1	100
Dr. Arthur Carty	5	100	2	100	3	100	1	100

<b>Overall Attendance Rate</b>	96%	100%	100%	100%
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The Mandate of the Board provides that the Board will have at least four scheduled meetings per year. Each committee of the Board will intend to meet at least four times each year or more frequently as deemed necessary by the applicable committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Company faces from time to time.

### **Independent Board/Committee Meetings**

The Board's policy is to hold independent director meetings at which non-independent directors and members of management do not attend at the end of each Board meeting, and as such a total of five independent meetings were held by the Board during the period from August 4, 2011 to December 31, 2011.

All of the committees are comprised of independent directors, and as such, all committee meetings are considered to be independent meetings.

### **Interlocking Directorships**

No directors of the Company serve together as directors on the boards of other public companies. See the profile for each director under "Election of Directors" on page 11 for other public company directorships held by each director.

### **Board Mandate**

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Company and to act with a view towards the best interests of the Company. In discharging its mandate, the Board is responsible for, among other things, the following matters:

- developing and adopting the strategic direction of the Company and, at least annually, approving a strategic plan as developed and proposed by management, which takes into account the business opportunities and risks of the Company;
- reviewing and approving the Company's financial objectives, plans and actions, including significant capital allocations and expenditures;
- monitoring corporate performance;
- identifying principal business risks and ensuring that appropriate systems are put in place to manage such risks;
- monitoring and ensuring the integrity of internal control and procedures;
- ensuring appropriate standards of corporate conduct including creating and amending the Code of Business Conduct and Ethics;
- reviewing and approving financial statements and management's discussion and analysis;
- reviewing compensation of the members of the Board;
- reviewing and approving material transactions not in the ordinary course of business and annual budgets;
- ensuring an appropriate succession plan, including the appointment, training and monitoring of senior management and members of the Board;
- approving a disclosure policy;
- developing the Company's approach to corporate governance; and
- establishing and reviewing a dividend policy for the Company.

The Board's mandate also sets forth procedures relating to the Board's operations such as the size of Board and selection process, director qualifications, director orientation and continuing education, meetings and committees, evaluations, compensation, nominations and access to independent advisors.

The Board also has the responsibility of managing the risks to the Company's business and must:

- ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks; and
- evaluate and assess information provided by management and others about the effectiveness of risk management systems.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors. The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

Through the Compensation Committee, the Board is working to establish and maintain an appropriate succession plan which identifies the potential short-term and longer-term successors to the Chief Executive Officer of the Company and executive officers and other members of senior management (collectively, "**Executive Management**").

A copy of the terms of reference for the Board, setting out its mandate, responsibilities and the duties of its members is attached as Schedule "A" to this Management Information Circular and is available under the Company's profile on [www.sedar.com](http://www.sedar.com).

### **Position Descriptions**

Written position descriptions have been developed by the Board for the Chairman of the Board, Chairman of the Audit Committee, Chairman of the Compensation Committee, Chairman of the Corporate Governance and Nominating Committee, Lead Director and Chief Executive Officer. These position descriptions have been reviewed by the Corporate Governance and Nominating Committee and approved by the Board.

#### **Chairman**

The Chairman of the Board is Mr. John van Leeuwen, who is not considered to be an independent director. The Board has adopted a written position description for the Chairman of the Board. The Chairman is responsible for, among other things, chairing all meetings in a manner that promotes open communication, ensuring that meetings are held with appropriate frequency, that resources are available to the Board as necessary, that functions are delegated to the appropriate committees of the Board and responsibilities are understood. The Chairman is also responsible for ensuring a process is in place to assess the effectiveness of the Board (including size and composition) on an annual basis and to work with the Corporate Governance and Nominating Committee to ensure a process is in place to assess the contribution of individual directors on an annual basis. The Chairman also acts as a liaison between the Board and management of the Company and also, at the request of the Board, represents the Company to external groups such as shareholders, community groups and government.

#### **Lead Director**

The Board has appointed David W. Colcleugh, who is an independent director, as Lead Director. The Board has adopted a written position description for the Lead Director, indicating that the Lead Director, among other things, acts as a chair of meetings of the Board in the absence of the Chairman, recommends where necessary the holding of special meetings of the Board, and together with the Chairman of the Board, ensures that all business required to come before the Board is brought before the Board. The Lead Director is responsible for consulting with the independent directors, at the discretion of either party and represent such directors in discussions with management concerning corporate governance issues and other matters. The Lead Director will provide independent leadership to the Board and will facilitate the functioning of the Board independently of the Corporation's management. The Lead Director will be responsible for the corporate governance practices of the Corporation.

#### **Chief Executive Officer**

The Board has adopted a written position description for the Chief Executive Officer whose primary role is to take overall supervisory and managerial responsibility for the day-to-day operations of the Company's business and manage the Company in order to achieve the goals and objectives determined by the Board in the context of the Company's strategic plan. The Chief Executive Officer's role includes, but is not limited to: (i) developing, implementing and maintaining the Company's strategic plans; (ii) developing

new strategic alliances to enhance shareholder value; (iii) providing high quality leadership to staff and ensure that the Company's human resources are managed properly; (iv) ensuring communications between the Company and major stakeholders are managed in an optimum way and in accordance with applicable securities laws; (v) providing timely strategic, operational and reporting information to the Board; (vi) coordinating the preparation of an annual business plan; (vii) ensuring appropriate governance skills development and resources are made available to the Board; (viii) providing a culture of high ethics throughout the organization; and (x) taking responsibility for the administration of all of the Company's sub-areas and administrative practices.

### **Orientation and Continuing Education**

The Board has extensive experience in the industry in which they operate. The Corporate Governance and Nominating Committee are responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the Company's business remains current. The Company's new directors will have the opportunity to meet with the other members of the Board in addition to management to obtain insight into the Company's business and the role of the Board and its committees. In addition, new directors will be provided with an orientation and education program which will include information about the duties and obligations of directors, the business and operations of the Company and documents from recent Board meetings.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. Continuing education ensures directors are advised of industry developments and emerging governance issues and requirements, and ensures directors understand issues faced within the business. The Corporate Governance and Nominating Committee intends to adopt a policy to assist directors to familiarize themselves with the Company's business and operations including the Company's reporting structure, strategic plans, financial issues, risk issues and general legal compliance programs. The Corporate Governance and Nominating Committee will oversee ongoing education for all directors and will: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by directors to the Company's facilities and operations; (c) arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Company; and (d) encourage and facilitate presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

### **Ethical Business Conduct**

In fulfilling its mandate and approving various decisions put forth by management, the Board ensures that the measures taken by management comply with Canadian securities regulations and other applicable legislation. Members of the Board are aware of their fiduciary duties in their capacity as directors, which are set out in the OBCA. In exercising their powers and discharging their duties, members of the Board are required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Directors has adopted a written code of ethics entitled the "Code of Business Conduct and Ethics" (the "**Ethics Code**"), which applies to all employees, officers and directors of the Company. The purpose of the Ethics Code is to, among other things, promote honest and ethical conduct, promote legal compliance, promote the avoidance of conflicts of interest, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability for the Company. A copy of the Ethics Code is available under the Company's profile on [www.sedar.com](http://www.sedar.com).

The Audit Committee is responsible for compliance issues relating to the Ethics Code, which, along with the Whistleblower Policy, contains the procedures by which an individual can report actual or potential violations of the Ethics Code to the Chief Executive Officer or the Audit Committee. The Ethics Code provides that any violations of the Ethics Code by any employee, officer or director may be grounds for disciplinary action including termination of employment, office and directorship. Pursuant to the Ethics Code, directors or officers of the Company are required to disclose to the Board in writing, any conflicts of

interest, or request to have entered into the minutes of meetings of the Board the nature and extent of any such interest. The fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest, also ensure that the Board operates independently of management and in the best interests of the Company.

The Board of Directors adopted a "Corporate Disclosure, Confidentiality and Insider Trading Policy", which is governed by the Corporate Governance and Nominating Committee, to ensure: (i) that the Company complies with timely disclosure obligations under securities laws and the regulations of the stock exchanges on which the Company's securities are listed; (ii) the Company prevents the selective disclosure of material changes; (iii) that all communications to the public are informative, timely, factual, balanced, accurate and broadly disseminated; (iv) that persons to whom the policy applies understand their obligations to preserve the confidentiality of "undisclosed material information" (as defined in the policy); and (v) strict compliance by all insiders with all requirements relating to the reporting of insider trading and with respect to trading when in possession of material non-disclosed information. A copy of the Corporate Disclosure and Insider Trading Policy is available under the Company's profile on [www.sedar.com](http://www.sedar.com).

### **Reporting Violations or Seeking Advice**

The Board has adopted a written "Whistleblower Policy" which establishes procedures for: (i) the receipt and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or violations of the Code; and (ii) the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations of the Code. A copy of the Whistleblower Policy is available under the Company's profile on [www.sedar.com](http://www.sedar.com) or on the Company's website [www.ecosynthetix.com](http://www.ecosynthetix.com).

### **Investigations**

Following the receipt of any complaints submitted under the Whistleblower Policy, the Audit Committee will investigate each matter so reported and shall notify the Board and the Chief Executive Officer of such investigations. If so determined, the Audit Committee will take corrective and disciplinary actions where appropriate, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension without pay or termination of employment. The Audit Committee shall retain as a part of the records of the Audit Committee any such complaints or concerns for a period of no less than seven years.

### **Audit Committee**

The Audit Committee is to be comprised of a minimum of three directors, each of whom must at all times be financially literate and, each of whom must be independent within the meaning of NI 52-110. The primary purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls for the Company. The external auditors report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are to:

- conduct reviews relating to the audit and financial reporting and discuss with management and the external auditors significant issues regarding accounting principles, practices and judgments of management as are deemed appropriate by the committee;
- review internal control reports, assess the adequacy of financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- ensure appropriate standards of corporate conduct and, if necessary, adopt a corporate code of ethics for senior financial personnel and employees;
- review the quarterly and annual financial statements and management's discussion and analysis of the Company's consolidated financial position and operating results and report thereon to the Board for approval;
- recommend to the Board, set compensation for, monitor independence and provide oversight of, the external auditors;
- provide oversight of related party transactions entered into by the Company;

- provide oversight of any press release containing disclosure relating to financial information required to be reviewed by the Committee.
- inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject and assessing the steps management has taken to minimize such risks or exposures; and
- establish and implement procedures in respect of complaints and submissions relating to accounting matters and the approval of non-audit services provided by the external auditors.

The Audit Committee of the Company is composed of four directors, Messrs. Barker, Colcleugh, Varghese, and Carty each of whom is independent. Mr. Barker acts as chairman of the Audit Committee. The Audit Committee have a written charter describing the mandate of such committee. A copy of the charter of the Audit Committee is available on the Company's website at [www.ecosynthetix.com](http://www.ecosynthetix.com).

### **Compensation Committee**

The Compensation Committee is composed of not fewer than three directors, all of whom are required to be independent.

The Compensation Committee, among other things, may determine appropriate compensation for the Company's directors, officers and employees. The process by which appropriate compensation is determined is through periodic and annual reports to the Board from the Compensation Committee on the Company's overall compensation and benefits philosophies. The Compensation Committee's responsibilities include reviewing and recommending to the Board annually a "Statement of Executive Compensation" to be included in the Company's management information circular.

The Compensation Committee is responsible for reviewing the compensation of members of the Board to ensure that compensation realistically reflects the responsibilities and risks involved in being a director and for reviewing the compensation of members of senior management to ensure that compensation is competitive within the industry and aligns the interests of such individual with those of the Company.

The Compensation Committee is responsible for, among other things:

- annually reviewing, approving and recommending to the Board for approval, the remuneration of the senior executives of the Company, and determining each senior executives' entitlement to be paid a bonus;
- reviewing and recommending to the Board for approval, the remuneration of directors and submitting recommendations with regard to employee benefits available to members of the Board and to senior executives;
- reviewing the Chief Executive Officer's goals and objectives for the upcoming year and providing an appraisal of such performance at the end of the year;
- meeting with the Chief Executive Officer to discuss goals, objectives, compensation and performance of other senior executive officers;
- subject to the approval of the Board, shareholder approval and regulatory approval of all stock option and incentive plans, administering such plans and determining such issues as participation, allocation of options/shares, and vesting periods;
- comparing on an annual basis the total remuneration and main components of compensation for the senior executives with the compensation practices of peers in the same industry;
- periodically reviewing bonus plans and stock option plans in light of new trends and practices in the industry; and
- reviewing and recommending to the Board of Directors for approval any special employment contracts to take effect in the event of termination of employment or change in control of the Company affecting any senior executives.

The Compensation Committee of the Company is composed of four directors, Messrs. Colcleugh, Barker, Varghese and Carty, each of whom is independent. Mr. Varghese acts as chairman of the Compensation Committee. The Compensation Committee has a written charter describing the mandate of such committee. A copy of the charter of the Compensation Committee is available on the Company's website at [www.ecosynthetix.com](http://www.ecosynthetix.com).

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

The Corporate Governance and Nominating Committee, which is required to be composed entirely of independent directors, is responsible for, among other things:

- annually reviewing and revising its charter;
- reviewing with the Board, its judgment as to the quality of the Company's corporate governance and recommending changes to the Company's corporate governance practices;
- reviewing, on a periodic basis, the composition and size of the Board and the directors' relationships with regard to potential conflicts of interests, determining the independence of the members of the Board and ensuring there is an appropriate number of independent directors on the Board;
- facilitating the independent functioning of the Board and management of the Company;
- annually reviewing performance and qualification of existing directors;
- evaluating, at least once per year, the effectiveness of the Board as a whole, committees of the Board, and the contribution of individual directors, recommending where appropriate that a director be removed or not re-appointed;
- ensuring that disclosure, securities compliance and communication policies are in place;
- reviewing and recommending requests by members of the board of directors to hire any outside consultants; and
- establishing an orientation for new directors and continuing education program for current members of the Board.

### **Nomination of Directors**

The Corporate Governance and Nominating Committee is also responsible for analyzing the needs of the Board when vacancies arise and identifying and recommending to the Board new candidates for nomination to the Board based upon:

- the competencies and skills necessary for the Board as a whole to possess;
- the competencies and skills necessary for each individual director to possess;
- the competencies and skills which each new nominee to the Board is expected to bring; and
- whether the proposed nominee to the Board will be able to devote sufficient time and resources to the Company.

The Board of Directors will determine nominees to be presented to the shareholder for election based upon the following considerations:

- the competencies and skills which the Board as a whole should possess;
- the competencies and skills which each existing director possesses; and
- the appropriate size of the Board to facilitate effective decision making.

The Corporate Governance and Nominating Committee will not set specific minimum qualifications for director positions. Instead, the Corporate Governance and Nominating Committee believes that nominations for election or re-election to the Board should be based on a particular candidate's merits, skills and the Company's needs after taking into account the current composition of the Board. When evaluating candidates annually for nomination for election, the Corporate Governance and Nominating Committee will consider an individual's skills, diversity, independence from the Company, experience in areas that address the needs of the Board and ability to devote adequate time to Board duties and responsibilities. The Corporate Governance and Nominating Committee will also seek to achieve the appropriate balance of industry and business knowledge and experience, including, without limitation, expertise in the industry, expertise with respect to international regulatory and public policy issues, management and operations experience and transactional experience in light of the function and needs of the Board, as well as independence, financial expertise, public company experience, personal integrity, judgment and reputation. When a new seat or a vacated seat on the Board is being filled, candidates that appear to best fit the needs of the Board and the Company will be identified and unless such individuals

are well known to the Board, they are interviewed and further evaluated with respect to this criteria by the Corporate Governance and Nominating Committee before they are presented to the Board for consideration.

The Corporate Governance and Nominating Committee will regularly review the composition of the Board and consider the nominations of potential candidates on an as-needed basis. The Corporate Governance and Nominating Committee will commit the time and resources necessary to seek a qualified director with particular merits, skills and expertise if an opening arises, and may consider expanding the Board if presented with a potential candidate whose skills would complement the current Board.

The Corporate Governance and Nominating Committee of the Company is composed of four directors, Messrs. Barker, Colcleugh, Varghese and Carty, each of whom is independent. Mr. Colcleugh acts as chairman of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee have a written charter describing the mandate of such committee. A copy of the charter of the Corporate Governance and Nominating Committee is available on the Company's website at [www.ecosynthetix.com](http://www.ecosynthetix.com).

### **Skills Matrix**

The Corporate Governance and Nominating Committee also maintains a matrix of the skill sets of the current Board members, which will be reviewed on an annual basis and updated regularly and used in the nomination process as a reference tool for the ongoing assessment of Board composition to ensure that diversity is considered as new Board members are being assessed.

### **Board Assessments**

The Board is committed to regular assessments of the effectiveness of the Board, the Chairman of the Board, the committees of the Board and the individual directors. The Corporate Governance and Nominating Committee will annually review and make recommendations to the Board regarding evaluations of the Board, the Chairman of the Board, the committees of the Board and the individual directors. The Corporate Governance and Nominating Committee intends to design a written questionnaire that will be sent to each director on an annual basis to evaluate the Board as a whole, each committee, their peers and to conduct an individual self-assessment regarding each member's contribution, qualification as an independent director, as well as diversity skills and experience.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Company operates in a specialized industry that requires individuals to have certain specific skills and experiences. As a result, the Company operates in a highly competitive market for executives and the attraction and retention of talented and experienced executives is one of the key objectives of EcoSynthetix's executive compensation program.

The Company's overall objective is to achieve significant growth across multiple industries and generate shareholder value while emphasizing long-term profitability. The Company is designing a compensation strategy that supports this business strategy by including performance-based incentives that reward its executives for the achievement of annual and long-term business goals.

The following discussion describes the significant elements that will comprise our executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer, the Chief Financial Officer, and, other than the Chief Executive Officer and the Chief Financial Officer, each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (collectively, the "**Named Executive Officers**" or "**NEOs**").

The NEOs for the period from August 4, 2011 to December 31, 2011 were:

- John van Leeuwen, Chairman and Chief Executive Officer and Director;
- Dr. Steven Bloembergen, Executive Vice President, Technology;
- Robert Haire, Chief Financial Officer and Corporate Secretary;
- Edward van Egdome, Vice President, Manufacturing; and
- Dr. Peter van Ballegoie, Vice President, Marketing & Business Development.

### **Compensation Governance**

#### **Role of the Compensation Committee**

The Compensation Committee is established by the Board to assist the Board in fulfilling its responsibilities relating to human resources and compensation issues. The Compensation Committee will ensure that the Company has an executive compensation plan that is motivational and competitive while meeting the objectives of the Company's executive compensation program.

The Compensation Committee reviews and recommends the compensation philosophy and guidelines (a) for executive officers, for recommendation to the full Board for its consideration and approval, and (b) relating to all employees, including annual salary and incentive policies and programs, and material new benefit programs, or material changes to existing benefit programs, and is responsible for (a) reviewing the Chief Executive Officer's goals and objectives for the upcoming year and providing an appraisal of such performance at the end of the year, and (b) meeting with the Chief Executive Officer to discuss goals, objectives, compensation and performance of other senior executive officers, and subject to the approval of the Board, shareholder approval and regulatory approval of all stock option plans, administering such plans and determining such issues as participation, allocation of options, and vesting periods. The Compensation Committee will also be responsible for establishing a peer group of comparable companies and a target competitive positioning for the Company's executive compensation program.

The Compensation Committee is comprised of four independent directors. The current members of the Compensation Committee are Mr. John Varghese, Mr. John Barker, Mr. David W. Colcleugh, and Dr. Arthur Carty.

The Board will look to the past experience of each director in determining the composition of the Compensation Committee and in forming the current Compensation Committee has strived to include a range of skills when making appointments to ensure the Compensation Committee is comprised of

directors that have the necessary experience to act independently and think analytically about the Company's compensation practices.

The Board believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate. All of the members of the Compensation Committee have direct experience in both public and private sector, including substantial experience in the science and technology industry. By virtue of their experience in senior management positions and directorships and their extensive experience in public policy, governance, regulatory matters and international and domestic markets, the Compensation Committee has the depth of knowledge and the diversity of skills in order to make informed and independent decisions on compensation matters for the Company. See "Election of Directors" on page 10 for a complete biography for each member of the Compensation Committee.

### **Role of the Executive Officers**

The Company's Chief Executive Officer and other executive officers have a role in executive compensation decisions, as follows:

- the Chief Executive Officer made recommendations to the Board regarding the Company's annual business goals and objectives, which are approved by the Board and which provide the structure by which the annual goals and objectives of other executive officers and employees throughout the Company are aligned;
- the Chief Executive Officer made recommendations to the Compensation Committee regarding executive officer base salary adjustments, target annual incentive awards and actual payouts and stock-based grants; and
- the Chief Executive Officer and other executive officers made recommendations to the Compensation Committee regarding the participation in the Company's stock-based compensation plans and amendments to such plans, as necessary.

The Chief Executive Officer does not make recommendations with respect to his compensation package.

The Compensation Committee reviews the basis for the recommendations made by the Chief Executive Officer to the Compensation Committee and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board.

### **Objectives of Compensation Program**

The objectives of the Company's compensation program are to attract, retain and inspire performance of members of senior management of a quality and nature that will enhance the growth of the Company. The Board seeks to compensate executives by combining short-term cash incentives and long-term equity incentives.

### **Overview of How Compensation Program Fits with Compensation Goals**

#### **1. Attract, Retain and Inspire Key Talent**

The compensation package meets the goal of attracting, retaining and motivating key talent by offering an attractive compensation package which includes options grants and a competitive benefits package.

#### **2. Alignment of Interest of Management with Interest of the Company's Shareholders**

A portion of each executive's total direct compensation is variable or "at-risk". This "at-risk" portion of total direct compensation includes the bonus and stock option grants, the value of which is linked to performance during the year. If the individual's or the Company's performance is poor, "at-risk" compensation will decrease and conversely, if the individual's or Company's performance is strong, "at-risk" compensation will increase.

### **Benchmarking**

The Compensation Committee believes that it is appropriate to establish compensation levels based in large part on benchmarking against similar companies, both in terms of compensation practices as well

as levels of compensation. In this way, the Company can gauge if its compensation is competitive in the marketplace for its talent, as well as ensure that the Company's compensation is reasonable. The Compensation Committee, in conjunction with the Board, is in the process of establishing an appropriate comparator group for the purposes of setting future compensation.

### Risk Management

The Compensation Committee is responsible for ensuring the application of the compensation policy is appropriately aligned to support its stated objects and encourage the right management behaviours, while avoiding excessive risk-taking by executive officers.

In light of the fact the Company completed its initial public offering on August 4, 2011, the current stage of development and the limited elements of executive compensation (salary, annual bonus and stock options), at this time the Board has not formally assessed the implications of the risks associated with the Company's compensation policies and practices. As discussed herein, the Company is currently in the process of formalizing its annual incentive plan and will assess compensation risks in connection therewith. Additionally, stock options are granted to retain NEOs and motivate the NEOs by rewarding sustained, long-term development and growth that will result in increases in stock value. There is no formal process for assessing when stock options are to be granted rather they are granted at a time determined necessary by the Compensation Committee and the Board in their discretion.

### Elements of Executive Compensation

Each element of the Company's compensation package is developed utilizing market data and ensures that EcoSynthetix attracts and retains experienced talented senior professionals.

Guided by its executive compensation objectives, the Compensation Committee used the elements set out in the table below in its executive compensation program for the period from January 1, 2011 to December 31, 2011 (pre and post-initial public offering). The Company does not anticipate making any significant changes to the executive compensation program during the next financial year.

<u>Element</u>	<u>Description</u>	<u>Performance Period</u>	<u>Form of Compensation</u>	<u>Reference</u>
<b>Fixed</b>				
<b>Base Salary</b>	Base salaries form an essential element of the Company's compensation mix as they are the base measure to compare and remain competitive relative to peer companies. Base salaries are used as the base to determine other elements of compensation and benefits.	1 year	Cash	See page 34.
<b>Variable</b>				
<b>Annual Performance-Based Cash Incentives</b>	Annual performance-based cash incentives (i.e. bonuses) are designed to reward the Company's executive officers for maximizing the overall annual performance of the Company. These bonuses capture quantitative and qualitative assessments of performance.	1 year	Cash	See page 29.
<b>Long-term Incentives</b>	Stock options are intended to reward executive officers for their sustained contributions to the Company.	Vest over 4 years	Options	See page 31.
<b>Other Compensation and Perquisites</b>	The Company's employee benefit program includes life, medical, dental and disability insurance. Such benefits and other perquisites are designed to be competitive overall with equivalent positions in comparable Canadian and United States organizations.	--	--	--

The specific rationale for design, determination of amounts and related information regarding each of these components are outlined below for each of the NEOs included in the “Summary Compensation Table” on page 34.

### Base Salary

Base salaries for executive officers are established based on the scope of their responsibilities, their prior relevant experience, and the subjective assessment of the individual NEO’s experience, recent and long-term performance and expected future contribution and retention concerns. Going forward, in determining base salary, the Compensation Committee will take into account compensation paid by other companies in the industry for similar positions and the overall market demand for such executives at the time of hire.

An executive officer’s base salary will also be determined by reviewing the executive officer’s other compensation to ensure that the executive officer’s total compensation is in line with the overall compensation philosophy. The Company’s Chief Executive Officer will make a recommendation to the Compensation Committee regarding base salary.

The Compensation Committee intends to review NEO salaries annually as part of its overall competitive market assessment, as described above. Base salaries will be reviewed annually and increased for merit reasons, based on the executive officers’ success in meeting or exceeding individual objectives. Additionally, they may be adjusted as warranted throughout the year for promotions or other changes in the scope or breadth of an executive officer’s role or responsibilities.

### Annual Performance-Based Cash Incentives

Bonuses are a variable element of the total compensation package. Two factors are considered when determining bonus for NEOs. The first is the performance of the Company against a specific set of performance criteria and the second is the individual performance of each NEO.

Bonus payments are awarded to executive officers, after taking into account corporate performance and individual performance as follows:

<b>Name</b>	<b>Target (% of Base Salary)</b>	<b>Corporate Performance</b>	<b>Individual Performance</b>
John van Leeuwen	60%	60%	40%
Dr. Steven Bloembergen	40%	60%	40%
Robert Haire	45%	60%	40%
Edward van Egdom	35%	60%	40%
Dr. Peter van Ballegooie	35%	60%	40%

The awarding of bonuses is a matter that is subject to review and recommendation by the Compensation Committee and to review and approval by the Board. All awards are based on the recommendation of the Chief Executive Officer and are at the discretion of the Compensation Committee and the Board.

EcoSynthetix’s short-term incentive program is based on objectively defined criteria. The Compensation Committee is satisfied that the Company’s current executive compensation policies, programs and levels of compensation with respect to the annual performance-based cash incentives are aligned with the Company’s performance and allow the Company to attract, retain and motivate talented executives while adding shareholder value.

The Company completed its initial public offering on August 4, 2011, and given the stage of development, is in the process of formalizing its annual bonus program. For the period from August 4, 2011 to December 31, 2011, a specific formula had not been established and the Board exercised its discretion to award bonuses based on the achievement of certain performance measures achieved during the year ended December 31, 2011. The Chief Executive Officer determined whether the Company and each NEO achieved the respective objectives and the Compensation Committee reviewed the evaluation completed by the Chief Executive Officer and made bonus recommendations to the Board.

## **Corporate Performance**

Corporate performance was determined by evaluating the achievement of certain objective and specific annual performance measures and strategic initiatives. The corporate objectives attained were compared to the target performance for each measure. The specific annual objectives and strategic initiatives were evaluated and assessed by the Chief Executive Officer.

### **Objective Performance Measures**

The Compensation Committee approved the following specific objective performance measures for the period from August 4, 2011 to December 31, 2011:

<b><u>Objective</u></b>	<b><u>Outcome</u></b>
Establishment of the Centre of Innovation with rapid prototyping capabilities for advanced product development.	Met objective
Establishment & expansion of the 120 million pound European manufacturing facility.	Met objective
Establishment and implementation of health & safety procedures and policies.	Met objective
Achieve sales growth.	Did not meet objective
Identification and development of new product verticals.	Met objective
Hiring of experienced personnel to support corporate and business objectives.	Met objective
Complete the initial public offering.	Met objective

The corporate performance attained was compared to the above targets and the Board exercised its discretion to award bonuses.

### **Specific Annual Objectives and Strategic Initiatives**

Achievement of specific annual objectives and strategic initiatives were measured using a more subjective approach and some management discretion, subject to Compensation Committee approval, was used to measure achievement of these objectives. In evaluating performance, the Compensation Committee considered factors over which the NEOs can exercise control, such as meeting budget targets established by the Board at the beginning of each year, controlling costs, product development, building production capacity, improving safety, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Company.

For the specific annual objectives and strategic initiatives, the Chief Executive Officer recommended, and the Compensation Committee agreed, that the completion of these objectives was largely satisfied, with most objectives being exceeded or enhanced.

### **Individual Performance**

As provided above, each Named Executive Officer's bonus is comprised of an element of individual performance in addition to the corporate performance as described above. Each NEO's bonus was determined based on the Chief Executive Officer's assessment of their achievement of personal business-oriented goals such as identification of new product avenues, establishment of the infrastructure required to launch a public company, effective leadership, and recognition of the work required for the company's initial public offering completed on August 4, 2011. For 2011, the individual objectives of NEOs included both quantitative measures and qualitative strategic and operational considerations related to their function. Upon evaluation and recommendation by the CEO to the Compensation

Committee, the Compensation Committee assessed the performance of each of the NEOs against the stated goals and determined the NEOs met their personal objectives.

### **Bonuses Awarded**

Bonuses for the period from January 1, 2011<sup>(1)</sup> to December 31, 2011 were determined and awarded on February 28, 2012 on the basis described above with respect to each NEO's performance during the period from January 1, 2011 to December 31, 2011.

<u>Name of Officer</u>	<u>Title of Officer</u>	<u>Bonus Amounts (\$)</u>
John van Leeuwen	Chairman and Chief Executive Officer and Director	94,002 <sup>(2)</sup>
Dr. Steven Bloembergen	Executive Vice President, Technology	30,600 <sup>(2)</sup>
Robert Haire	Chief Financial Officer and Corporate Secretary	102,016 <sup>(2)</sup>
Edward van Egdom	Vice President, Manufacturing	53,097 <sup>(2)</sup>
Dr. Peter van Ballegoie	Vice President, Marketing & Business Development	23,116 <sup>(2)</sup>
		<u>\$302,831</u>

(1) The bonuses awarded are based on an assessment of NEO performance from January 1, 2011 through to December 31, 2011.

(2) These bonus amounts were paid in Canadian dollars and have been converted at the exchange rate of C\$1.00 = US\$0.98, based on the year end foreign exchange rates.

### **Long-Term Incentives**

The Company's long-term incentive program ensures that each of the executive officers works towards increasing the Company's share performance, and, along with shareholders, benefits from the future success of the organization. The Company also believes that equity awards reward continued employment by an executive officer, with an associated benefit to EcoSynthetix of employee continuity and retention.

Long-term incentive awards are a variable element of compensation that will allow executive officers to be rewarded for their sustained contributions to the Company. The Board believes that stock options will provide management with a strong link to long-term corporate performance and the creation of shareholder value. The Company's stock option plan (the "2011 Plan") allows for the grant of incentive stock options to the Company's employees, directors, senior officers and consultants. The Board does not award options according to a prescribed formula or target but instead takes into account the individual's position, scope of responsibility, ability to affect profits and the individual's historic and recent performance and the value of the awards in relation to other elements of the executive's total compensation. The Board will take previous grants of options into consideration when considering new grants of options under the 2011 Plan.

#### *Stock Options*

The 2011 Plan was approved by the Board on August 4, 2011. A copy of the 2011 Plan is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The 2011 Plan is administered by the Compensation Committee who makes recommendations to the Board, which the Board will then approve, and allows for the grant of incentive stock options to the Company's employees, directors, senior officers and consultants.

Under the 2011 Plan, the aggregate number of Common Shares reserved for issuance to all participants pursuant to the 2011 Plan and any other share compensation arrangement (other than the Rollover Plan (as defined below)) shall not exceed 10% of the issued and outstanding Common Shares at the time of the grant. As a result, any increase in the issued and outstanding Common Shares will result in an increase in the available number of the Common Shares issuable under the 2011 Plan. The aggregate

number of Common Shares reserved for issuance under the 2011 Plan and any other share compensation arrangement to insiders of the Company shall not exceed 10% of the Common Shares outstanding from time to time. The aggregate number of Common Shares issued upon exercise of the options granted under the 2011 Plan and any other share compensation arrangement to insiders of the Company within a one-year period shall not exceed 10% of the Common Shares then outstanding.

Unless otherwise determined by the Board, options will vest at a percentage rate of 25% of the initial grant per year over four years at each anniversary of the date of the grant. Options granted under the 2011 Plan are non-assignable and will have an exercise price determined and approved by the Board at the time the option is granted, but in any event shall not be less than market value, being the weighted average trading price of a Common Share on the TSX for the five business days immediately prior to the date of grant.

Subject to any accelerated termination, options expire no later than 10 years after the date of grant unless the expiry date falls within a black-out period or within nine business days after the end of such black-out period, in which case such expiration date will be automatically extended without any further act or formality to that date which is the tenth business day after the end of such black-out period.

Unless otherwise determined by the Board in its discretion at any time prior to or after the following events and in any option agreement, the right to exercise vested options granted pursuant to the 2011 Plan will expire on the earliest to occur of the following: (a) 10 years from the date of grant, (b) 365 days from the date of the optionee's death, (c) 90 days from the date of termination of the optionee's employment or term in office other than for cause or voluntary resignation, and (d) immediately, in the case of termination of the optionee's employment or term in office for cause. For greater certainty, any options that were not exercisable at the time of occurrence of events contemplated above immediately expire and are cancelled on such date.

The Board may permit the exercise of any or all options, notwithstanding the vesting schedule set forth in such option subject to the 10 year expiry period or permitted extension. Except as otherwise set forth in any option agreement, in the event of any change of control transaction in which there is an acquiring or surviving entity, the Board may provide for substitute or replacement options of similar value from, or the assumption of outstanding options by, the acquiring or surviving entity or one or more of its subsidiaries; provided, however, that in the event of a change of control transaction the Board may also take, as to any outstanding option, any one or more of the following actions:

- provide that any or all options shall thereupon terminate, provided that any such outstanding options that have vested shall remain exercisable until consummation of such change of control;
- make any outstanding option exercisable in full; and
- terminate any Option where the exercise price of such Option is equal to or greater than the fair market value of a Common Share.

For purposes of the 2011 Plan, a change of control means the occurrence of (a) any transaction or series of related transactions, whether or not the Company is a party thereto, after giving effect to which in excess of 50% of the Company's voting power is owned directly, or indirectly through one or more entities, by any person and its affiliates or associates, or (b) a sale, lease or other disposition of all or substantially all of the assets of the Company other than in connection with an internal reorganization.

The 2011 Plan also provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization or other change of shares, consolidation, distribution, merger or amalgamation (in each case, a "**Change in Capitalization**"), in order to maintain the optionees' economic rights in respect of their options in connection with such Change in Capitalization, including permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

Subject to compliance with the applicable rules of the stock exchange, the Board may amend or terminate the 2011 Plan or any option granted thereunder at any time without obtaining the approval of shareholders of the Company, provided that such amendment shall (i) not adversely alter or impair any

option previously granted and (ii) be subject to any regulatory approvals including, where required, the approval of the stock exchange.

In addition, the Board may, subject to regulatory approval, discontinue the 2011 Plan at any time without the consent of the optionees provided that such discontinuance shall not materially and adversely affect any options previously granted under the 2011 Plan.

Except as specifically provided in an option agreement approved by the Board, options granted under the 2011 Plan may only be exercised during the lifetime of the optionee by such optionee personally or by the optionee's executor or administrator following the optionee's death (except that an optionee may transfer options to a corporation in respect of which the optionee is the sole shareholder or to certain retirement savings vehicles of which the optionee is the annuitant).

*Predecessor Options*

In connection with the acquisition of all of the outstanding shares of common stock of EcoSynthetix U.S., all of the predecessor options previously granted under EcoSynthetix U.S.'s 2001 and 2003 stock option plans have been exchanged for rollover options issued under a stock option plan of EcoSynthetix (the "**Rollover Plan**"), such that the fair market value of the rollover options (determined as the "spread" or excess of the fair market value of a Common Share over the exercise price of the rollover option) is no greater than the fair market value of the predecessor options so exchanged (determined as the spread between the fair market value of a share of common stock of EcoSynthetix U.S. over the predecessor option exercise price). The terms of the Rollover Plan are substantially similar to the terms of the 2011 Plan, except that no further options may be granted under the Rollover Plan.

*2011 Plan and Rollover Plan*

The table below shows the stock options granted and available for grant under the Rollover Plan and 2011 Plan, the percentage of Common Shares that may be issued on exercise of all outstanding options under the Rollover Plan and 2011 Plan as at April 9, 2012, and the total number of options issued in 2011 as a percentage of the Common Shares outstanding as of December 31, 2011 (the "Burn Rate"):

	<b>Rollover</b>	<b>2011 Plan</b>
Maximum initial share reserve	6,085,971	5,492,296
Total Options granted	6,085,971	71,500 (0.13% of outstanding Common Shares <sup>(1)</sup> )
Total Options available for grant	Nil	5,420,796 (9.81% of outstanding Common Shares <sup>(1)</sup> )
Options granted or available for grant as a percent of total outstanding Common Shares <sup>(1)</sup>	10.4%	9.94%
Options exercised during the period from August 4, 2011 to April 9, 2012	322,406	Nil
Total Common Shares that may be issued upon the exercise of outstanding Options <sup>(1)</sup>	5,759,120	71,500
Common Shares that may be issued upon exercise of outstanding options as a percent of total outstanding Common Shares <sup>(1)</sup>	10.4%	0.13%
2011 Burn Rate <sup>(2)</sup>	N/A	0.16%

- (1) Assumes a full exercise of the put/call, resulting in outstanding Common Shares of 55,250,010, as of April 9, 2012.
- (2) The burn rate is the number of options issued under 2011 plan (71,500) for the period August 4, 2011 to December 31, 2011 expressed as a percentage of the 43,913,277 Common Shares that were issued and outstanding as at December 31, 2011

### **Retirement Benefits**

The NEOs do not participate in any defined benefit pension plan, defined contribution plan or deferred compensation plan of the Company.

#### *401(k) Program for United States Corporate Employees*

EcoSynthetix U.S. has a 401(k) profit sharing plan that became effective on January 1, 2001, as amended, which provides retirement savings options for all eligible employees. Eligible employees and employers may make contributions towards the plan. There are four types of contributions available: (i) employee salary deferral; (ii) employee safe harbour; (iii) employee discretionary matching; and (iv) employer discretionary profit sharing. The maximum limit on the amount of contributions beginning in 2010 is the lesser of \$49,000 or 100% of the eligible employee's annual compensation and the deferral limit beginning in 2010 is \$16,500.

### **Succession Planning**

EcoSynthetix will develop a succession plan for its entire executive management team. The Chief Executive Officer will prepare a succession planning report and will present it to the Board for each of his direct reports on the executive management team as well as other key positions in the Company. The Board will be responsible for:

- (a) ensuring there is an orderly succession plan for the position of Chief Executive Officer;
- (b) reviewing and approving the Chief Executive Officer's succession planning report for each of his direct reports;
- (c) ensuring the succession plan includes a process that would respond to an emergency situation which required an immediate replacement of the incumbent Chief Executive Officer or any of his direct reports; and
- (d) ensuring that the Chief Executive Officer has a succession planning process in place for other members of senior management in key positions.

The Board will ensure that there are opportunities for directors to get to know the employees who have been identified as potential executives. They will make presentations to the Board and will be invited to Company functions where they can interact with the Board on an informal basis.

### **Summary Compensation Table**

EcoSynthetix was incorporated on May 20, 2011 and completed its initial public offering on August 4, 2011 and, accordingly, has not yet completed a financial year.

The following table provides information for the period from August 4, 2011 to December 31, 2011 regarding compensation earned by the Named Executive Officers.

Salaries for the Named Executive Officers are paid in Canadian dollars and converted to United States dollars for reporting purposes in the Summary Compensation Table for the period from January 1, 2011 to December 31, 2011 at the exchange rate of C\$1.00 = US\$0.98.

Name and principal position	Year	Salary (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans		
John van Leeuwen Chairman and Chief Executive Officer and Director	2011	373,648 <sup>(3)</sup>	N/A	528,045	94,002	N/A	108,161	1,103,856
Dr. Steven Bloembergen Executive Vice President, Technology	2011	200,000	N/A	105,609	30,600	N/A	—	336,209
Robert Haire Chief Financial Officer and Corporate Secretary	2011	245,821	N/A	264,023	102,016	N/A	73,255	685,115
Edward van Egdorn Vice President, Manufacturing	2011	196,657	N/A	105,609	53,097	N/A	60,946	416,309
Dr. Peter van Ballegoie Vice President, Marketing & Business Development	2011	133,095 <sup>(4)</sup>	N/A	95,319	23,116	N/A	—	251,530
<b>Total Compensation:</b>		1,149,221		1,098,605	302,831		242,362	2,793,019

- (1) Compensation was established and paid by EcoSynthetix U.S. prior to August 4, 2011, and as such salary is reported for all NEOs for the entirety of 2011.
- (2) These amounts represent the value of stock options granted to the respective Named Executive Officer. The methodology used to calculate these amounts was the Black-Scholes model as is permitted under International Financial Reporting Standards. This is consistent with the accounting values used in the Company's financial statements. The key assumptions used under the Black-Scholes model that were used for the share option awards in the table above were as follows: (i) Risk-free interest rate: 1.2% to 2.2% (ii) Expected option life: 5 years, (iii) Expected volatility: 50% to 70%, and (iv) Dividend yield: Nil%. The dollar amount in this column represents the total value ascribed to the stock options. See "Stock Options" on page 34
- (3) Mr. van Leeuwen does not receive any compensation for his role as a director of the company.
- (4) Mr. van Ballegoie started with the company in March 2011. The salary noted has been prorated to reflect the 9.5 months.

**Incentive Plan Awards**

The following table provides information regarding the incentive plan awards for each Named Executive Officer outstanding as of December 31, 2011.

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

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date <sup>(1)</sup>	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
John van Leeuwen	768,502	0.08	November 8, 2015	3,716,783	-	NIL	NIL
	875,000	0.08	November 8, 2015	4,231,850	-		
	112,000	0.80	August 31, 2014	461,036	49,000		
	635,950	0.80	August 31, 2014	2,617,824	278,228		
	350,000	2.47	January 9, 2016	856,240	350,000		
Dr. Steven Bloembergen	405,286	0.08	March 31, 2013	1,960,125	-	NIL	NIL
	262,500	0.08	November 8, 2015	1,269,555	-		
	35,000	0.80	August 31, 2014	144,074	-		
	70,000	2.47	January 9, 2016	171,248	70,000		
Robert Haire	400,050	0.78	May 14, 2013	1,656,628	50,006	NIL	NIL
	175,000	2.47	January 9, 2016	428,120	175,000		
Edward van Egdome	118,209	0.08	March 31, 2013	571,706	-	NIL	NIL
	379,750	0.08	November 8, 2015	1,802,768	-		
	25,200	0.80	August 31, 2014	103,733	11,025		
	70,000	2.47	January 9, 2016	171,248	70,000		
Dr. Peter van Ballegooie	63,000	2.47	March 12, 2016	154,123	63,000	NIL	NIL

- (1) As a private company, EcoSynthetix U.S. granted certain stock options with terms of greater than five years. These options are now governed by the Rollover Plan. Options granted under the 2011 Plan expire on the tenth anniversary of the date of grant
- (2) Calculated using the closing price of the Common Shares on the TSX on December 30, 2011 of C\$5.00 (US\$4.916) and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

During the year ended December 31, 2011, none of the options granted to the NEOs under the 2011 Plan vested and no options that had vested under the Rollover Plan were exercised by the NEOs.

**Termination and Change of Control Benefits**

Certain of the NEOs have entered into an employment agreement with the Company in connection with their respective appointments as executive officers which provides for severance payments as set out below.

Mr. van Leeuwen entered an employment agreement with EcoSynthetix U.S. on August 18, 2008, effective September 1, 2008. Pursuant to such agreement, the Company is entitled to terminate Mr. van Leeuwen without cause by providing notice, or pay in lieu of notice consisting of 12 months' salary plus two additional months' salary per year of service, to a maximum of 24 months inclusive of bonuses, perquisites and allowances and option grants. In addition, in the event the Company enters into negotiations for a trade sale, privatization or transfer of majority ownership of outstanding shares, Mr. van Leeuwen is entitled to receive a one-time bonus of two times annual compensation inclusive of bonuses, perquisites and allowances and option grants upon successful completion of such transaction.

Mr. Haire entered an employment agreement with EcoSynthetix U.S. on March 28, 2008, effective April 21, 2008. Pursuant to such agreement, the Company is entitled to terminate Mr. Haire without cause by providing notice, or pay in lieu of notice consisting of one month's salary per year of service, with a minimum of six months. In addition, in the event of a sale of the Company and a change of control, 50% of the then unvested portion of Mr. Haire's options held in the Company's Employee Stock Option Program (the "ESOP") will be accelerated and be deemed as earned before the first anniversary and 100% of the unvested portion of the ESOP will be accelerated after the anniversary. Following a change of control, if Mr. Haire's employment is terminated, Mr. Haire shall be entitled to one year's base salary.

Mr. Bloembergen entered an employment agreement with EcoSynthetix U.S. on December 17, 2003. Pursuant to such agreement, if the Company terminates Mr. Bloembergen's employment without cause or if Mr. Bloembergen voluntarily terminates his employment for Good Reason (as defined below) within three months of the event resulting in Good Reason, the Company must continue to pay Mr. Bloembergen for the amount of time between the termination date and the date Mr. Bloembergen is hired as an employee or consultant by another entity, but such severance period shall not be less than nine months' and not longer than 12 months' salary. During such severance period, Mr. Bloembergen shall be entitled to all benefits he was receiving prior to the termination. In addition, if, within 12 months following a Change of Control (as defined below) Mr. Bloembergen's employment is terminated without cause by the Company or Mr. Bloembergen voluntarily terminates his employment with the Company for Good Reason within three months of the event resulting in Good Reason, then all of the shares of capital stock subject to any option that have not vested shall automatically become fully vested as of the date of such termination. For the purposes of Mr. Bloembergen's employment agreement only, a "Change of Control" means (i) the sale, conveyance, exchange, license or other transfer of all or substantially all of the property or assets of the Company, (ii) any acquisition of the Company by means of a consolidation, stock exchange, merger or other form of corporate reorganization of the Company with any other corporation in which the Company's shareholders prior to the consolidation or merger own less than a majority of the voting securities of the surviving corporation or (iii) any transaction or series of related transactions following which the Company's shareholders prior to such transaction or series of related transactions own less than a majority of the voting securities of the Company after such transaction or series of related transactions and "Good Reason" means (i) without Mr. Bloembergen's consent, a significant reduction of Mr. Bloembergen's duties, position or responsibilities relative to Mr. Bloembergen's duties, position or responsibilities in effect immediately prior to such reduction; provided, however, that a reduction in duties, position or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the President of the Company remains as such following an acquisition of the Company but is not made the President of the acquiring corporation) will not constitute Good Reason or (ii) without Mr. Bloembergen's consent, a more than 10% reduction by the Company of Mr. Bloembergen's base salary as in effect immediately prior to such reduction. The determination of whether Good Reason exists shall be made by the Board in good faith.

Mr. van Ballegooye entered a US employment agreement on February 11, 2011 due to his residence in the United States. On November 1, 2011 the US employment agreement was superseded by a Canadian employment agreement. Pursuant to such agreement, the Company may terminate Mr. van Ballegooye's employment in conformity with provisions of the Ontario's Employment Standards Act. Mr. van Ballegooye's employment agreement does not provide for a change of control.

The Compensation Committee considers and evaluates all new executive employment contracts in light of prevailing market practice with the objective to attract and retain executives. Going forward, the Company may consider adopting a policy to introduce contractual provisions that differ from those currently in use.

### **Estimated Incremental Payments on Change of Control, Termination Without Cause and Other Termination**

#### Change of Control

The following table provides details regarding the estimated incremental payments from the Company to each of John van Leeuwen, Dr. Steven Bloembergen, and Robert Haire, on a Change of Control (with termination of employment), assuming a triggering event occurred on December 31, 2011.

	John van Leeuwen	Robert Haire	Dr. Steven Bloembergen
Severance Entitlement	2x annual compensation, including bonus, perquisites and allowances and option grants	1x annual base salary	1x annual base salary
Severance Payment	\$747,296	\$245,821	\$200,000
Bonus	\$448,378	N/A	N/A
Unvested Stock Options <sup>(1)</sup>	N/A	\$1,106,219	\$344,148
Benefits	\$132,000	\$50,000	\$98,000
<b>TOTALS</b>	<b>\$1,327,674</b>	<b>\$1,402,100</b>	<b>\$650,000</b>

### Termination Without Cause

The following table provides details regarding the estimated incremental payments from the Company to each of John van Leeuwen, Dr. Steven Bloembergen, Robert Haire, on termination without cause, assuming a triggering event occurred on December 31, 2011.

	John van Leeuwen	Robert Haire	Dr. Steven Bloembergen
Severance Entitlement	1x annual salary plus 2 months' salary per year of service to 24 months	1 month's salary per year of service (minimum 6 months)	1x annual salary
Severance Payment	\$650,472	\$123,000	\$200,000
Unvested Stock Options <sup>(1)</sup>	N/A	\$1,106,219	N/A
Benefits	\$66,000	\$62,255	\$98,000
<b>TOTALS</b>	<b>\$716,472</b>	<b>\$1,291,475</b>	<b>\$298,000</b>

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

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of the period from August 4, 2011 to December 31, 2011. Such compensation plans include the 2011 Plan and the Rollover Plan, however, options are no longer issuable pursuant to the Rollover Plan.

#### **Equity Compensation Plan Information**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans <sup>(2)</sup>
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders	6,198,918	C\$0.83 (\$0.82) <sup>(3)</sup>	5,420,796
Total	6,198,918	C\$0.83 (\$0.82) <sup>(3)</sup>	5,420,796

- 
- (1) Represents the number of Common Shares reserved for issuance upon exercise of outstanding stock options.
  - (2) Based on the maximum number of Common Shares reserved for issuance upon exercise of stock options under the current Stock Option Plan of 2011.
  - (3) Converted to United States dollars at the exchange rate of C\$1.00 = US\$0.98.

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

None of the Company's directors or executive officers, or former directors or executive officers, nor any associate of such individuals, is as at the date hereof, or has been, during the period from August 4, 2011 to December 31, 2011, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No (a) director or executive officer of the Company who has held such position at any time since the period from August 4, 2011 to December 31, 2011; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) 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.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Since the period from August 4, 2011 to December 31, 2011, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company, including the Company's audited consolidated financial statements and management's discussion and analysis for the period from August 4, 2011 to December 31, 2011, can be found on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.ecosynthetix.com](http://www.ecosynthetix.com). Shareholders may also contact the Company at [info@ecosynthetix.com](mailto:info@ecosynthetix.com) or Ross Marshall, Investor Relations Contact of the Company, by phone at 416-815-0700 ext. 238 or by e-mail at [marshall@equicomgroup.com](mailto:marshall@equicomgroup.com) to request copies of these documents free of charge.

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

Shareholders, employees and other interested parties may communicate directly with the Board by:

1. writing to: EcoSynthetix Inc.  
3365 Mainway  
Burlington ON L7M 1A6
2. calling: (289) 878-0286
3. emailing: [info@EcoSynthetix.com](mailto:info@EcoSynthetix.com)

**DIRECTORS' APPROVAL**

The contents of this Management Information Circular and the sending thereof to the shareholders of the Company have been approved by the Board.

**BY ORDER OF THE BOARD OF DIRECTORS**

A handwritten signature in black ink, appearing to read "John van Leeuwen", written over a horizontal line.

John van Leeuwen  
Chairman of the Board

Burlington, Ontario  
April 11<sup>th</sup>, 2012

## SCHEDULE "A"

### ECOSYNTHETIX INC.

#### TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

##### I. INTRODUCTION

- A. The EcoSynthetix Inc. ("**EcoSynthetix**" or the "**Company**") Board of directors (the "**Board**") has a primary responsibility to foster the short and long-term success of the Company and is accountable to the shareholders.
- B. The directors are stewards of the Company. The Board has the responsibility to oversee the conduct of the Company's business and to supervise management, which is responsible for the day-to-day operation of the Company. In supervising the conduct of the business, the Board, through the Chief Executive Officer (the "**CEO**") sets the standards of conduct for the Company.
- C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

##### II. COMPOSITION AND BOARD ORGANIZATION

- A. Nominees for directors are initially considered and recommended by the Board's Corporate Governance and Nominating Committee in conjunction with the Board Chair, approved by the entire Board and elected annually by the shareholders.
- B. A majority of directors comprising the Board must qualify as independent directors (as defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*)
- C. Certain of the Board's responsibilities may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference.

##### III. DUTIES AND RESPONSIBILITIES

###### A. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Company, the Board retains the responsibility for managing its own affairs, including:

- i) annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction and approving a Board composition plan recommended by the Corporate Governance and Nominating Committee;
- ii) appointing, determining the composition of and setting the terms of reference for, Board committees;
- iii) determining and implementing an appropriate process for assessing the effectiveness of the Board, the Board Chair, committees and directors in fulfilling their responsibilities;
- iv) assessing the adequacy and form of director compensation;
- v) assuming responsibility for the Company's governance practices;
- vi) establishing new director orientation and ongoing director education processes;

- vii) ensuring that the independent directors meet regularly without executive directors and management present;
- viii) setting the terms of reference for the Board; and
- ix) appointing the secretary to the Board.

**B. Human Resources**

The Board has the responsibility to:

- i) provide advice and counsel to the CEO in the execution of the CEO's duties;
- ii) appoint the CEO and plan CEO succession;
- iii) set terms of reference for the CEO;
- iv) annually approve corporate goals and objectives that the CEO is responsible for meeting;
- v) monitor and, at least annually, review the CEO's performance against agreed upon annual objectives;
- vi) to the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the Company;
- vii) set the CEO's compensation;
- viii) approve the CEO's acceptance of significant public service commitments or outside directorships;
- ix) approve decisions relating to senior management, including:
  - a) review senior management structure including such duties and responsibilities to be assigned to officers of the Company;
  - b) on the recommendation of the CEO, appoint and discharge the officers of the Company who report to the CEO;
  - c) review compensation plans for senior management including salary, incentive, **[benefit and pension plans]**; and
  - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- x) approve certain matters relating to all employees, including:
  - a) the Company's broad compensation strategy and philosophy;
  - b) new benefit programs or material changes to existing programs; and
- xi) ensure succession planning programs are in place, including programs to train and develop management.

**C. Strategy and Plans**

The Board has the responsibility to:

- i) adopt and periodically review a strategic planning process for the Company;

- ii) participate with management, in the development of, and annually approve a strategic plan for the Company that takes into consideration, among other things, the risks and opportunities of the business;
- iii) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- iv) direct management to develop, implement and maintain a reporting system that accurately measures the Company's performance against its business plans;
- v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company; and
- vi) approve material divestitures and acquisitions.

**D. Financial and Corporate Issues**

The Board has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- ii) review and approve release by management of any materials reporting on the Company's financial performance or providing guidance on future results to its shareholders and ensure the disclosure accurately and fairly reflects the state of affairs of the Company, and is in accordance with generally accepted accounting principles, including quarterly results press releases and quarterly financial statements, any guidance provided by the Company on future results, Company information circulars, annual information forms, annual reports, offering memorandums and prospectuses;
- iii) declare dividends;
- iv) approve financings, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses; and recommend changes in authorized share capital to shareholders for their approval;
- v) approve the incurring of any material debt by the Company outside the ordinary course of business;
- vi) approve the commencement or settlement of litigation that may have a material impact on the Company; and
- vii) recommend the appointment of external auditors and approve auditors' fees.

**E. Business and Risk Management**

The Board has the responsibility to:

- i) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- ii) approve any plans to hedge; and
- iii) evaluate and assess information provided by management and others about the effectiveness of risk management systems.

**F. Policies and Procedures**

The Board has the responsibility to:

- i) approve and monitor, through management, compliance with all significant policies and procedures that govern the Company's operations;
- ii) approve and act as the guardian of the Company's corporate values, including:
  - a) approve and monitor compliance with a Code of Business Conduct and Ethics for the Company and ensure it complies with applicable legal or regulatory requirements, such as relevant securities commissions;
  - b) require management to have procedures to monitor compliance with the Code of Business Conduct and Ethics and report to the Board through the Audit Committee; and
  - c) disclosure of any waivers granted from a provision of the Code of Business Conduct and Ethics in a manner that meets or exceeds regulatory requirements.
- iii) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and

**G. Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- i) ensure the Company has in place effective communication processes with shareholders and other stakeholders and financial, regulatory and other recipients;
- ii) approve and periodically review the Company's communications policy;
- iii) ensure the Board has measures in place to receive feedback from shareholders;
- iv) approve interaction with shareholders on all items requiring shareholder response or approval;
- v) ensure the Company's financial performance is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- vi) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- vii) ensure the CEO and CFO certify the Company's annual and interim financial statements, annual and interim MD&A and Annual Information Form, and that the content of the certification meets all legal and regulatory requirements;
- ix) ensure timely reporting of any other developments that have a significant and material effect on the Company; and
- x) report annually to the shareholders on the Board's stewardship for the preceding year.

**IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS**

**A.** The Board is responsible for:

- i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained; and
- ii) recommending changes in the Articles and By-laws, matters requiring shareholder approval, and setting agendas for shareholder meetings.

**B.** Ontario law identifies the following as legal requirements for the Board:

- i) act honestly and in good faith with a view to the best interests of the Company, including the duty:
  - a) to disclose conflicts of interest;
  - b) not to appropriate or divert corporate opportunities;
  - c) to maintain confidential information of the Company and not use such information for personal benefit; and
  - d) to disclose information vital to the business of the Company in the possession of a director;
- ii) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and
- iii) act in accordance with the *Business Corporations Act* (Ontario) and any regulations, by-laws and unanimous shareholder agreement.