



# **SUN-RYPE PRODUCTS LTD.**

**Notice of Annual General Meeting  
of Shareholders**

**And  
Information Circular**

Annual General Meeting of Shareholders  
May 11, 2007, 2:00 p.m. (local time)  
The Grand Okanagan Lakefront Resort  
Kelowna, British Columbia

March 21, 2007





March 21, 2007

Dear Shareholder:

We are pleased to invite you to attend the 2007 Annual General Meeting of the shareholders of Sun-Rype Products Ltd. to be held at The Grand Okanagan Lakefront Resort, 1310 Water Street, Kelowna, British Columbia, at 2:00 p.m. (local time) on Friday, May 11, 2007. The items of business that you will be asked to decide upon are explained in the accompanying Notice of Annual General Meeting and Information Circular and Proxy. As well, a copy of management's discussion and analysis and the audited financial statements for 2006 are enclosed.

You'll notice a difference this year in your meeting package – at a significant cost savings to Sun-Rype and our shareholders, we did not produce a glossy annual report for 2006. We encourage you to visit our website - [www.sunrype.com](http://www.sunrype.com) - to read more about our “good for you” products and check out the new section, “Part of Your Day”.

Sun-Rype has come a long way since the BC Fruit Growers' Association turned an abundant Okanagan Valley harvest into their own brand of apple juice in 1946. Today, we are a leading Canadian manufacturer and marketer of a wide array of healthy 100% juices and fruit snacks with annual sales in 2006 of \$130.6 million. The same pioneering spirit that drove our early progress continues to guide us today.

2006 was another good year for Sun-Rype. We celebrated our 60<sup>th</sup> anniversary; posted strong financial results; continued to build on the strength of a trusted brand that stands for great taste and wholesome goodness; expanded our presence in central and eastern Canada with differentiated, unique products; and continued to develop our expertise in new product innovations. We remain committed to building a high performance organization and we've succeeded in a highly competitive environment by being innovative, strategic and focused. One of our primary competitive strengths is the entrepreneurial spirit and dedication of our employees.

We'd like to express our thanks and best wishes to former CFO Robert McGowan, who retired from Sun-Rype in August 2006. Bob played an important and much appreciated role in Sun-Rype's growth and development over the past 12 years. On behalf of everyone at Sun-Rype, we wish him a happy and well-deserved retirement.

We thank you for your continuing support of Sun-Rype as both a shareholder and a consumer and look forward to seeing you on May 11, 2007. Come and try some of our new products, meet your directors and management, and ask questions concerning Sun-Rype's operations. We encourage you to make sure that your shares are voted at the meeting, whether or not you are able to attend. **Your vote is important.** If you do not plan to be present, your voice can still be heard by completing and sending us your Proxy. (Full details for completing the Proxy are provided inside the Information Circular.)

Yours truly,

**SUN-RYPE PRODUCTS LTD.**

Merv Geen  
Chairman of the Board

Eric Sorensen  
President & Chief Executive Officer





## **SUN-RYPE PRODUCTS LTD.**

### **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The 2007 Annual General Meeting (the “Meeting”) of the shareholders of Sun-Rype Products Ltd. (“Sun-Rype”) will be held at **The Grand Okanagan Lakefront Resort, 1310 Water Street Kelowna, British Columbia on Friday, May 11, 2007, at 2:00 p.m. (local time)**, for the following purposes:

1. to receive the financial statements and the Auditors’ Report for the year ended December 31, 2006;
2. to appoint auditors for the ensuing year;
3. to elect directors; and
4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The board of directors has fixed the close of business on **March 20, 2007, as the Record Date** for determination of shareholders entitled to notice of the Meeting and any adjournment thereof and the right to vote thereat.

Shareholders of Sun-Rype who are unable to attend the Meeting in person are requested to complete, date, sign, and **return the enclosed Form of Proxy not later than 48 hours before the Meeting**, using the envelope enclosed for the purpose, or send by fax to 1-866-249-7775, or by telephone or Internet as described in the Form of Proxy.

DATED at Kelowna, British Columbia, this 21<sup>st</sup> day of March 2007.

BY ORDER OF THE BOARD

Gail Prichard  
Corporate Secretary

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## Q & A ON PROXY VOTING

### Q1. What am I voting on?

- A. Shareholders are voting on the election of directors to the board, and the appointment of auditors for Sun-Rype for 2007. You will also receive Sun-Rype's audited financial statements for the year ended December 31, 2006, which are included in your package received with the Information Circular.

### Q2. Who is entitled to vote?

- A. Shareholders who are registered as at the Record Date, March 20, 2007, are entitled to attend the Meeting and to vote. Each common share is entitled to one vote.

### Q3. How do I vote?

- A. If you are a **Registered Shareholder** (i.e., you hold your common shares in your name) there are several ways that you can vote your common shares. You may vote in person at the Meeting, or by telephone or Internet, or you may sign the enclosed Form of Proxy appointing the persons named, or some other person you choose, to represent you and vote your common shares at the Meeting.

If your common shares are held in the name of a nominee (i.e., your broker or financial institution) you are a **Beneficial Shareholder**. Please see the answers to questions 16 and 17 for voting.

### Q4. Do I have to complete the Proxy if I plan to be at the Meeting?

- A. If you are a Registered Shareholder and if you plan to attend the Meeting on May 11, 2007, and wish to vote your common shares in person, you do not need to complete or return the Form of Proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, Computershare Investor Services Inc. ("Computershare"), upon arrival at the Meeting. However, you may find it more convenient to complete a Form of Proxy in case you are unable to attend in person on the day of the Meeting. **If you are a Beneficial Shareholder, see answer to question 17.**

### Q5. Who is soliciting my Proxy?

- A. The enclosed Form of Proxy is being solicited by the management of Sun-Rype and the associated costs will be borne by Sun-Rype. The solicitation will be by mail distributed by Computershare on Sun-Rype's behalf, but officers and employees of Sun-Rype may solicit your Proxy by telephone or in person.

### Q6. What happens if I sign and return the enclosed Form of Proxy?

- A. Signing the enclosed Form of Proxy gives authority to Merv Geen or Eric Sorensen, each of who is a director of Sun-Rype, or to another person you have appointed, to vote your common shares at the Meeting in accordance with your instructions.

### Q7. Can I appoint someone other than these directors to vote my common shares?

- A. Yes. Write the name of this person, who does not have to be a Registered Shareholder of Sun-Rype, in the blank space provided in the Form of Proxy and cross off the names of the Management Proxyholders.

### Q8. What do I do with my completed Proxy?

- A. Return it to Computershare in the envelope provided, or fax it to 1-866-249-7775, or vote by telephone or the Internet, so that it arrives not later than 2:00 p.m. Pacific Time on Wednesday, May 9, 2007. This will ensure your vote is recorded.

### Q9. If I change my mind, can I take back my Proxy once I have given it?

- A. Yes. If you wish to change your mind, prepare a written statement stating this. The statement must be signed by you (or your attorney as authorized in writing) or, if the shareholder is a company, by a duly authorized officer or attorney of the company. This statement must be delivered either to the head office of Sun-Rype, to the office of Computershare, or to the Chairman of the Meeting at any time before the Meeting commences or any adjournment of the Meeting. If you decide to attend the Meeting in person, you may also revoke your Proxy when you register at the Meeting and then vote in person.

**Q10. How will my common shares be voted if I give my Proxy?**

A. The persons named on the Form of Proxy must vote for, against, or withhold from voting your common shares in accordance with your directions. However, if you do not provide directions, your common shares will be voted **in favour** of each matter proposed in the Information Circular.

**Q11. What if amendments are made to these matters or if other matters are brought before the Meeting?**

A. 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 Meeting and to other matters that may properly 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 judgement.

**Q12. How many common shares are entitled to vote?**

A. As of March 21, 2007, there were issued and outstanding 10,827,600 common shares of Sun-Rype. Each Registered Shareholder has one vote for each common share held as at the Record Date, March 20, 2007.

**Q13. How will the votes be counted?**

A. Each ordinary resolution brought before the Meeting is determined by a majority of votes cast on the question.

**Q14. Who counts the votes?**

A. Computershare counts and tabulates the proxies.

**Q15. If I need to contact the transfer agent, how do I reach them?**

A. General Shareholder Inquiries:  
By Phone: 1-800-564-6253  
By Fax: 1-866-249-7775  
By Email: [service@computershare.com](mailto:service@computershare.com)  
By Internet: [www.computershare.com](http://www.computershare.com) - the Investors section offers enrolment for self-service account management for Registered Shareholders through *Investor Centre*.  
By Regular Mail:  
Computershare Investor Services Inc.,  
100 University Avenue, 9<sup>th</sup> Floor,  
Toronto, ON M5J 2Y1

**Q16. If I am a Beneficial Shareholder (i.e., my common shares are held in the name of a nominee such as a bank, trust company, securities broker, trustee or other), how do I vote my common shares?**

A. If your common shares are not registered in your own name, they will be held in the name of a “nominee”, usually a bank, trust company, securities broker or other financial institution. Your nominee must seek your instructions as to how to vote your common shares.

Therefore, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders’ meetings, you will have received the Information Circular in a mailing from your nominee or Computershare, together with a Form of Proxy or Voting Instruction Form (“VIF”). It is important that Beneficial Shareholders follow exactly the voting instructions provided to them. If you are a Beneficial Shareholder who has voted and you wish to change your voting instructions, contact your nominee or Computershare to discuss whether this is possible and what procedure to follow.

**Q17. How can a Beneficial Shareholder vote in person at the Meeting?**

A. Since Computershare does not have a record of all the names of Sun-Rype’s Beneficial Shareholders (see question 16), they will have no knowledge of your entitlement to vote, unless your nominee has appointed you as proxyholder. **Therefore, if you are a Beneficial Shareholder and wish to vote in person at the Meeting, please insert your own name in the space provided on the Form of Proxy or VIF sent to you by your nominee or Computershare.** By doing so, you are instructing your nominee to appoint you as proxyholder. Follow the signing and return instructions exactly as provided by your nominee. **DO NOT** complete the voting instructions on the Form of Proxy or VIF as you will be voting in person on those matters at the Meeting. To be able to vote in person at the Meeting, you **MUST** return the Form of Proxy or VIF so that your nominee can appoint you as the proxyholder.



# **SUN-RYPE PRODUCTS LTD.**

## **INFORMATION CIRCULAR**

Except as otherwise indicated, the information contained herein is stated as of **March 21, 2007**. This Information Circular and the accompanying Form of Proxy and Notice of Meeting are expected to be mailed on or about March 30, 2007.

## **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the **solicitation of proxies by the board of directors and the management of Sun-Rype Products Ltd. (the “Company” or “Sun-Rype”)** for use at the 2007 Annual General Meeting (the “Meeting” or “AGM”) of shareholders to be held at The Grand Okanagan Lakefront Resort, 1310 Water Street, Kelowna, British Columbia, on May 11, 2007, at 2:00 p.m. (local time) and any adjournments thereof.

It is expected that the solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally or by telephone by officers and employees of Sun-Rype, and such persons will receive no compensation therefore other than their regular salary. The cost of this solicitation will be borne by Sun-Rype.

## **RECORD DATE**

**The “Record Date” for the Meeting is March 20, 2007.**

If you held Sun-Rype common shares in your name (i.e., you are a “Registered Shareholder”) at the close of business on March 20, 2007, you are entitled to vote at the Meeting. If you owned Sun-Rype common shares at March 20, 2007, but they are in the name of a broker, bank or other nominee (i.e., you are a “Beneficial Shareholder”), that broker, bank or other nominee votes on your behalf unless it appoints you or your designee as a proxyholder. For further information, see the section “Advice to Beneficial Shareholders” in this Information Circular.

## **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named as appointees in the accompanying Form of Proxy are the Chairman of the Board and the President and Chief Executive Officer of Sun-Rype respectively (the “Management Proxyholders”). **A Registered Shareholder of the Company entitled to vote at the Meeting may appoint some other person (who need not be a shareholder of the Company or otherwise entitled to attend or vote at the Meeting) to represent such Registered Shareholder at the Meeting by striking out the names of the Management Proxyholders and inserting the name of such person in the blank space provided for that purpose in the Form of Proxy or by completing and submitting another valid Form of Proxy.**

The completed Proxy must be deposited with the Company c/o Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, ON, M5J 2Y1, at least 48 hours prior to the time of the Meeting excluding Saturdays, Sundays and statutory holidays, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

The Form of Proxy must be executed by the shareholder or his or her attorney authorized in writing, or if the shareholder is a company, by a duly authorized officer or attorney of the company.

**A Form of Proxy may be revoked by the person giving it at any time prior to the exercise of the Proxy.** If a person who has given a Proxy attends the Meeting in person, he or she may revoke the Proxy and vote in person. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing, or if the shareholder is a company, by a duly authorized officer or attorney of the company, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the Proxy is to be used, or with the Chairman of such Meeting on the day of the Meeting or any adjournment thereof, and upon any of such actions, the Proxy is revoked.

All references to shareholders in this Information Circular and the accompanying Form of Proxy and Notice of Meeting are to shareholders of record (i.e., Registered Shareholders) unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be made available upon request to Registered Shareholders who produce proof of their identity.

**Only Registered Shareholders have the right to revoke a Proxy. Beneficial Shareholders who wish to change their vote must, at least seven (7) days before the Meeting, arrange for their respective brokers/nominees to revoke the Proxy on their behalf.**

## **VOTING OF PROXIES AND EXERCISE OF DISCRETION BY PROXYHOLDERS**

Common shares of the Company represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the Registered Shareholder on any ballot that may be called for.

**If no choice is specified and one of the Management Proxyholders is appointed by a Registered Shareholder as proxyholder, such person will vote in favour of the matters proposed at the Meeting and for all other matters proposed by management at the Meeting.**

**The enclosed Form of Proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters that may properly come before the Meeting.**

As of the date of this Information Circular, the management of Sun-Rype knows of no such amendments, variations or other matters that may come before the Meeting, other than the matters referred to in the accompanying Form of Proxy.

## **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information outlined in this section is of significant importance to many public shareholders of the Company as a substantial number of the public shareholders of the Company do not hold common shares in their own name.** Shareholders who do not hold their common shares in their own name (referred to in this Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder’s name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) or withheld from voting upon the instruction of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting common shares for their clients.

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the “Instrument”), the Company has distributed copies of the Notice of Meeting, this Information Circular and the Form of Proxy to the clearing agencies and intermediaries for onward distribution to Beneficial Shareholders. Applicable regulatory policy requires brokers/nominees to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings unless the Beneficial Shareholder has waived the right to receive meeting materials. Every broker/nominee has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often, the Form of Proxy supplied to a Beneficial Shareholder by its broker is identical to the Form of Proxy provided to a Registered Shareholder, however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. **Should a Beneficial Shareholder receiving such a form wish to vote at the Meeting, the Beneficial Shareholder should strike out the names of the Management Proxyholders named in the form and insert the Beneficial Shareholder’s name in the blank provided and return the materials to the broker/nominee as directed.**

The majority of brokers/nominees now delegate responsibility for obtaining instructions from clients to ADP Investor Communication Services (“ADP”). ADP typically applies a special sticker to the Proxy forms or provides a Voting Instruction Form (“VIF”), mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the Proxy forms to ADP (in some cases the completion of the VIF may be by telephone or the Internet). ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Proxy with an ADP sticker on it or a Voting Instruction Form (“VIF”) cannot use that Proxy to vote common shares directly at the Meeting – the Proxy must be returned to ADP well in advance of the Meeting in order to have the common shares voted or to have the Beneficial Shareholder appointed as proxyholder by the broker/nominee.**

There are two kinds of Beneficial Shareholders - those who object to their name being made known to the issuers of securities which they own (called Objecting Beneficial Owners or “OBO”s) and those who do not object to the issuers of the securities they own knowing who they are (called Non-Objecting Beneficial Owners or “NOBO”s). Until recently, Issuers (including the directors and officers of the company) had no knowledge of the identity of any of their Beneficial Shareholders including NOBOs. Subject to the provisions of the Instrument, however, Issuers can now request and obtain a list of their NOBOs from intermediaries via their transfer agents to use for distribution of proxy-related materials directly (not via ADP) to NOBOs.

Sun-Rype has decided to take advantage of those provisions of the Instrument that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“VIF”) from Sun-Rype’s transfer agent, Computershare Investor Services Inc., (“Computershare”). These VIFs are to be completed and returned to Computershare in one of the following ways: mailed in the envelope provided, by facsimile, telephone or Internet. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

## **DESCRIPTION OF SHARE CAPITAL**

### **Voting Securities**

Sun-Rype is authorized to issue 100,000,000 common shares without par value (“Common Shares”), of which 10,827,600 Common Shares have been issued and are outstanding as at the date of this Information Circular. Each such Common Share entitles the holder to one vote at any meeting of Sun-Rype, other than meetings of holders of shares of any other class or series.

## Principal Holders of Voting Securities

The following table sets forth the names of each person who, to the knowledge of the directors and officers of the Company, beneficially owned, directly or indirectly, or exercised control or direction over, as at the date of this Information Circular, Common Shares carrying 10% or more of the votes attached to the Common Shares of the Company; the number of Common Shares so owned, controlled or directed by each such person; and the percentage of issued and outstanding Common Shares of the Company represented by the number of Common Shares so owned, controlled or directed:

<u>Name of Holder</u>	<u>Number of Common Shares Held<sup>(1)</sup></u>	<u>Percentage of Issued &amp; Outstanding Common Shares</u>
James A. Pattison <sup>(2)</sup>	3,467,237	32.02%
McElvaine Investment Management Ltd. and Tim McElvaine <sup>(3)</sup>	1,779,073	16.4%

### Notes:

- (1) Based upon publicly available information.
- (2) The Common Shares controlled by James A. Pattison are registered in the name of Great Pacific Capital Corp. (2,104,718 Common Shares) and 4123239 Canada Inc. (1,362,519 Common Shares).
- (3) Of these Common Shares, 1,752,673 are controlled (but not owned) by McElvaine Investment Management Ltd. on behalf of discretionary client accounts managed by it and the balance are controlled indirectly by Tim McElvaine. Tim McElvaine is the President, a director and the majority shareholder of McElvaine Investment Management Ltd.

## BUSINESS OF THE MEETING

This Information Circular contains information relating to the receipt of Sun-Rype's audited financial statements, the appointment of auditors, and the election of directors.

### Presentation of Financial Statements

Sun-Rype's audited financial statements for the fiscal year ended December 31, 2006, and the report of the auditors thereon will be placed before the shareholders at the Meeting. These audited financial statements and management's discussion and analysis (the "MD&A") were mailed to shareholders with the Notice of Meeting and Information Circular. Additional copies of the MD&A and audited financial statements may be obtained from the Corporate Secretary of Sun-Rype upon request and will also be available at the Meeting.

### Appointment of Auditors

Shareholders will be asked to vote for the appointment of Deloitte & Touche LLP as the auditors of Sun-Rype for the ensuing year at a remuneration to be determined by the directors. Deloitte & Touche LLP was originally appointed as Sun-Rype's auditors on July 1, 1992, and has been the auditors of Sun-Rype since that date. For 2006, fees billed for audit and audit-related services provided by the auditors for the Company were \$206,925 (2005 - \$172,504). Non-audit fees billed by the auditors relating to tax planning and compliance and other advisory services were \$21,430 (2005 - \$39,036).

Further information on the auditors' fees may be found in the Company's Annual Information Form for the year ended December 31, 2006, filed on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.sunrype.com](http://www.sunrype.com).

On the representations of Deloitte & Touche LLP, neither it nor any of its partners has any direct financial interest or any material indirect financial interest in Sun-Rype in the capacity of promoter, underwriter, voting trustee, director, officer, employee or shareholder.

### **Election of Directors**

The board of directors presently consists of eight directors.

Jess Alfonso, Robert Dawson, James Eccott, Merv Geen, Thomas Knowlton, Donald Selman, Eric Sorensen and Douglas Souter will be introduced at the 2007 Meeting as management's nominees for election to the board of directors and the persons named in the accompanying Form of Proxy intend to vote for the election of those nominees.

Each director elected at the Meeting will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is vacated earlier in accordance with the articles of the Company, or with the provisions of the *Business Corporation Act* (British Columbia).

The board continues throughout the year to identify individuals who it believes would make a strong contribution to the Company. If such an individual is identified during the coming year, the directors have the power to appoint one or two additional persons to hold office until the next annual meeting of the Company, at which time they would be eligible for election by the shareholders.

### **Nominees for Election as Directors**

The following table sets forth the name of each person to be nominated by the management of the Company for election as a director, such person's principal occupation, the period of his service as a Sun-Rype director, and the approximate number of Common Shares beneficially owned, directly or indirectly, or subject to control or direction, by such person as at the date of this Information Circular. Brief biographies of the nominees follow the table.

<b>Name, Position and Residence<sup>(1)</sup></b>	<b>Expiration of Current Term</b>	<b>Prior Service as Director</b>	<b>Principal Business or Occupation During the Past Five Years</b>	<b>Ownership or Control of Voting Common Shares<sup>(1)</sup></b>
JESS ALFONSO <sup>(2)(5)</sup> Director, Vancouver, British Columbia, Canada	2007 AGM	2001 – present	Owner and President of Seamark Development Corp., an investment and consulting company (1980-present) Vice President and Director, Pacific Opportunity Capital Ltd., a merchant banking and venture capital company (2000-present)	50,500
ROBERT DAWSON <sup>(2)(3)</sup> Director, Cawston, British Columbia, Canada	2007 AGM	1981 – present	Orchardist/Businessman, Owner and President of Dawson Orchards Ltd.	201,944
JAMES ECCOTT <sup>(3)(4)</sup> Director, Kelowna, British Columbia, Canada	2007 AGM	1999 – 2001 & 2003 – present	Businessman (retired) President and CEO, Dia Met Minerals Ltd., a former publicly traded diamond mining company (1992 – 2001)	104,600

<b>Name, Position and Residence<sup>(1)</sup></b>	<b>Expiration of Current Term</b>	<b>Prior Service as Director</b>	<b>Principal Business or Occupation During the Past Five Years</b>	<b>Ownership or Control of Voting Common Shares<sup>(1)</sup></b>
MERV GEEN <sup>(3)(4)(5)</sup> Director, Chairman of the Board, Rock Creek, British Columbia, Canada	2007 AGM	1987 – 1990 & 1992 – present	Orchardist/Businessman Chairman of the Board, Sun-Rype	127,310
THOMAS KNOWLTON <sup>(4)(5)</sup> Director, Toronto, Ontario, Canada	2007 AGM	1999 – 2001 & 2003 – present	Corporate Director Dean, Faculty of Business, Ryerson University (2000 – 2005)	2,500
DONALD SELMAN <sup>(2)(4)</sup> Director, Richmond, British Columbia, Canada	2007 AGM	2001 – present	Consultant to Wolrige Mahon, Chartered Accountants Senior partner of Wolrige Mahon, Chartered Accountants (1984-2006)	6,500
ERIC SORENSEN Director, President and Chief Executive Officer, Kelowna, British Columbia, Canada	2007 AGM	2004 – present	President and Chief Executive Officer, Sun-Rype (2004 – present) President, Sorensen Consulting Ltd., a marketing and consumer packaged goods consulting company (2002 – 2004) Vice President, Pfizer Canada Inc., a pharmaceutical and consumer packaged goods company (2000 – 2001)	5,919
DOUGLAS SOUTER <sup>(3)(5)</sup> Director, West Vancouver, British Columbia, Canada	2007 AGM	2006 - present	Businessman (retired) President and CEO, Canadian Fishing Co. (a division of The Jim Pattison Group) (1982 – 2005)	Nil

**Notes:**

- (1) Based upon information provided by each director.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation & Corporate Governance Committee.
- (4) Member of the Executive Committee.
- (5) Member of the Capital Allocation Committee.

**Directorships in other Public Companies and Biographies of Directors**

Certain of the nominees for director serve as directors on boards of other public companies. James Eccott serves on the boards of Diamondex Resources Inc., Bearclaw Capital Corporation and Prism Resources Inc. Thomas Knowlton serves on the board of William Wrigley Jr. Company. Donald Selman serves on the board of Canfor Corporation.

*Jess Alfonso:* Mr. Alfonso was first elected to the board in 2001 and serves on Sun-Rype's Audit Committee and Capital Allocation Committee. He is the owner and President of Seamark Development Co. and also Vice President and a director of Pacific Opportunity Capital Ltd., a merchant banking and venture capital company. Mr. Alfonso holds a Masters of Science degree in Industrial Administration from Purdue University, Indiana.

*Robert Dawson:* A non-practicing lawyer, Mr. Dawson has been a director of Sun-Rype since 1981, and is a member of Sun-Rype's Audit Committee and Compensation & Corporate Governance Committee. He is the owner and President of Dawson Orchards Ltd. and was the chairman of the Okanagan Valley Tree Fruit Authority, a BC Crown Corporation, from 1990 to its wind up in March 2003. Mr. Dawson is also chairman of the Okanagan Similkameen Co-operative Growers Association and a director of the Okanagan Plant Improvement Co.

*James Eccott:* Mr. Eccott served as a director and Vice Chairman of the Sun-Rype board from 1999 to 2001 and was re-elected to the board in May 2003. He is chairman of Sun-Rype's Compensation & Corporate Governance Committee and also serves on the Executive Committee. He is a retired businessman having previously been President and Chief Executive Officer and a director of Dia Met Minerals Ltd. from 1992 to 2001. A resident of Kelowna since 1971, Mr. Eccott also serves as chairman and a director of both Northern Air Support Ltd. and Diamondex Resources Inc., as well as a director on the boards of Bearclaw Capital Corporation and Prism Resources Inc., and is on the UBC Board of Governors. Mr. Eccott holds a Bachelor of Commerce degree from the University of British Columbia.

*Merv Geen:* Mr. Geen served as a director of the Company from 1987 to 1990 and was re-elected in 1992. He has been Chairman of the board since 1992. He is also a director of Kettle Mountain Ginseng Co. Ltd., the Association of Ginseng Growers of British Columbia and a former director of BC Tree Fruits Ltd. and BC Fruit Packers. An orchardist, Mr. Geen also serves as chairman of Sun-Rype's Executive Committee and is a member of the Compensation & Corporate Governance Committee and the Capital Allocation Committee.

*Thomas Knowlton:* A resident of Toronto, Ontario, Mr. Knowlton served as a director of Sun-Rype from 1999 to 2001. He was reappointed to the board in August 2003 and is a member of Sun-Rype's Executive Committee and chairman of the Capital Allocation Committee. He retired in 2005 as Dean of the Faculty of Business at Ryerson University and was formerly President of Kellogg North America and Executive Vice President of the Kellogg Company. Mr. Knowlton holds an MBA degree from the University of Windsor. He also serves on the board of William Wrigley Jr. Company.

*Donald Selman, F.C.A.:* Mr. Selman was first elected to the Sun-Rype board in 2001 and is chairman of the Company's Audit Committee and a member of the Executive Committee. Mr. Selman was a senior partner of Wolrige Mahon, a chartered accounting firm located in Vancouver, BC, prior to his retirement in 2006 and now provides consulting services for the firm. In addition to being a chartered business valuator, he obtained his chartered accountant designation in 1958 and a Law Degree from the University of British Columbia in 1960. Mr. Selman also serves on the board of Canfor Corporation.

*Eric Sorensen:* Appointed President and Chief Executive Officer and a director of the Company in March 2004, Mr. Sorensen's business experience in the consumer packaged goods industry includes executive roles at Pfizer Canada Inc., Warner-Lambert Canada Inc., Kraft Canada Inc. and the Nabob Coffee Company. He was formerly the President of Warner-Lambert Canada Inc. and Vice President of Pfizer Canada Inc. Prior to joining Sun-Rype, he was President of Sorensen Consulting Ltd. Mr. Sorensen is a graduate of the BC Institute of Technology, Business Administration (Marketing).

*Douglas Souter:* Mr. Souter was elected to the Sun-Rype board in May 2006 and is a member of the Compensation & Corporate Governance Committee and the Capital Allocation Committee. A resident of West Vancouver, BC, he retired in 2005 as President and Chief Executive Officer of the Canadian Fishing Company (a division of The Jim Pattison Group), a position he held from 1982. Mr. Souter's business experience in the food processing industry includes executive positions with Fraser Valley Foods, Kanaway Seafoods Inc., Allied Pacific Processors, Alaska General Seafoods and Icicle Seafoods BC Ltd. Mr. Souter also serves on the board of Westshore Terminals Ltd. He holds a Bachelor of Arts degree in Economics from the University of British Columbia.

## **REPORT ON EXECUTIVE COMPENSATION**

### **Composition of the Compensation Committee**

Compensation of directors and executives and related matters are the responsibility of the Compensation & Corporate Governance Committee of the board (the “Committee”). The members of this Committee are James Eccott (chairman), Robert Dawson, Merv Geen and Douglas Souter. Mr. Souter was appointed to the Committee following his election as a director in May 2006. Mr. Geen has been the non-executive chairman of the board since 1992 and none of the members of the Committee have been employees of Sun-Rype. None of the Committee members have served with any Sun-Rype executive on the compensation committee of any other issuer.

The Committee is responsible for reviewing and determining the annual base salary, short and long-term incentives, and other compensation levels of Sun-Rype’s Chief Executive Officer (“CEO”). Following discussions with the CEO and after receiving his recommendations, the Committee is responsible for reviewing and determining the compensation levels of the other executives of the Company with respect to short and long-term incentive awards.

The board approved and adopted the *Compensation Guidelines for the Chief Executive Officer, Board of Directors and Executives* (the “Compensation Guidelines”) in 1997, which remains in force with periodic revisions. Hiring and compensation of executives are under the control of the CEO, operating within the parameters established by the board in the Compensation Guidelines.

### **Executive Compensation Philosophy**

Sun-Rype’s executive compensation program is based on a “pay for performance” philosophy and is designed to attract, retain and reward high calibre and experienced executives who will contribute to the success of the Company. Executives are motivated through various elements of this program to meet annual performance goals and enhance long-term shareholder value. The Company’s executive compensation program includes base salary set at the median level of executive salaries for comparable positions within a comparator group of Canadian companies, a short-term incentive component in the form of an annual cash bonus, and a long-term incentive award component.

### **Executive Short-Term Incentive Plan**

The executive short-term incentive plan (“STIP”), in the form of an annual cash bonus, is based on Sun-Rype’s earnings performance achieved during the fiscal year to which the bonus applies. A target bonus of 30% of base salary is provided upon achievement of target earnings, which is set annually by the board, with an opportunity to earn a bonus of up to 60% of base salary upon achievement of exceptional results.

### **Executive Long-Term Incentive Plan**

The long-term incentive component, formerly awarded in the form of stock options, was paid solely in cash in 2004 due to the expiration of the Company’s stock option plans (see LTIP Payouts under Long-Term Compensation in the Summary Compensation Table in the “Statement of Executive Compensation” later in this Information Circular).

Beginning in 2005, the Company initiated a new executive long-term incentive plan (“LTIP”) designed to motivate executives to increase the value of the organization for its shareholders and to balance short-term requirements with the long-term needs of the business. The new LTIP is based on Return on Invested Capital (“ROIC”) and provides long-term incentive compensation for achieving and exceeding pre-defined ROIC



hurdle rates each year. The ROIC hurdle rate is set at the beginning of a three-year period based on the Company's strategic plan and then reviewed annually. The LTIP award is in the form of cash and share equivalents ("Performance Units"), which are linked to the market value of Sun-Rype's common shares on the Toronto Stock Exchange ("TSX") and held in a Unit Performance Plan ("UPP") until the executive leaves the Company. The board believes that a UPP promotes profitability and long-term growth of the Company.

Under the terms of the LTIP, the executives are required to convert a portion of the annual long-term incentive award to Performance Units. The long-term incentive compensation earned in a year is then paid out evenly as cash compensation in the succeeding two years less that portion of the long-term incentive award that has been converted to Performance Units. The number of Performance Units is determined by dividing the dollar amount of the long-term incentive award by the average closing price for Sun-Rype Common Shares on the TSX for the twenty trading days preceding the date of approval of the long-term incentive award. These contributions accrue to the executive until the executive leaves the Company. At such time, the executive will receive a cash payout calculation for the value of the Performance Units held in the UPP based on the average closing price for Sun-Rype Common Shares on the TSX for the twenty trading days preceding the date of termination of the executive's employment with the Company.

### **Employee Share Purchase Plan**

The executives participate in the Company's Employee Share Purchase Plan, which is described later in this Information Circular under the heading "Employee Share Purchase Plan".

### **Employment Agreements**

Each of the executives has an employment agreement, approved by the Compensation & Corporate Governance Committee, which includes the terms governing termination of employment in certain circumstances as well as any specific terms governing employment (for further details see "Employment Contracts" later in this Information Circular).

### **Compensation of Chief Executive Officer**

The compensation of the CEO is based on the policies and procedures described above. Specifically, the CEO's base salary is reviewed annually for market competitiveness within a comparator group of Canadian companies and set at the median level of CEO salaries within this group. The CEO participates in the STIP, LTIP and Employee Share Purchase Plan. An employment agreement is also maintained with the CEO and further details are provided later in this Information Circular under the section "Employment Contracts."

The annual cash bonus for the CEO is determined as noted above under the heading "Executive Short-Term Incentive Plan".

The LTIP target award for the CEO represents 40% of his base salary in effect at the end of the performance period of December 31 (for achieving the pre-defined ROIC hurdle rate) to a maximum of 60%. The board has reserved the right, at its discretion, to grant LTIP awards above the maximum level in unique merit-based situations. The CEO is required to convert 100% of the annual LTIP award to Performance Units.

## **Compensation of Executives**

The annual cash bonus for each of the executives is determined on the same basis as the CEO and described above under the heading “Executive Short-Term Incentive Plan”.

The LTIP target award for each of the executives represents 35% of base salary in effect at the end of the performance period of December 31 to a maximum of 55%. The board has also reserved the right, at its discretion, to grant the executives LTIP awards above the maximum level in unique merit-based situations. Each executive is required to convert a minimum of 75% of the annual LTIP award to Performance Units.

## **Compensation of Directors**

Total compensation levels for Sun-Rype’s directors are reviewed annually based on the median level of directors’ compensation for comparable positions within a comparator group of Canadian companies used in setting director compensation. The adequacy and form of the compensation paid to Sun-Rype’s directors is reviewed annually to ensure that the compensation realistically reflects the responsibilities and risks of being an effective director.

For the most recently completed financial year ended December 31, 2006, Sun-Rype’s non-executive directors received \$20,000 each as an annual retainer to compensate them for their services. The chairman of the board received an additional \$16,000 for a total retainer of \$36,000; the chairman of the Audit Committee received an additional \$11,000 for a total retainer of \$31,000; and the chairman of the Compensation & Corporate Governance Committee received an additional \$3,000 for a total retainer of \$23,000.

Attendance by a director at board meetings and committee meetings is compensated at \$1,300 per full day and, for telephone meetings, \$550 per meeting. For travel to board meetings, directors receive no fee if the meeting is in the same city as the director’s residence; \$650 if the meeting is in the same province as the director’s residence; and \$1,300 if the meeting is outside the province of the director’s residence. Directors are reimbursed for their travelling expenses in connection with board of directors and committee meeting attendance. Sun-Rype’s CEO does not receive compensation for his duties as a director.

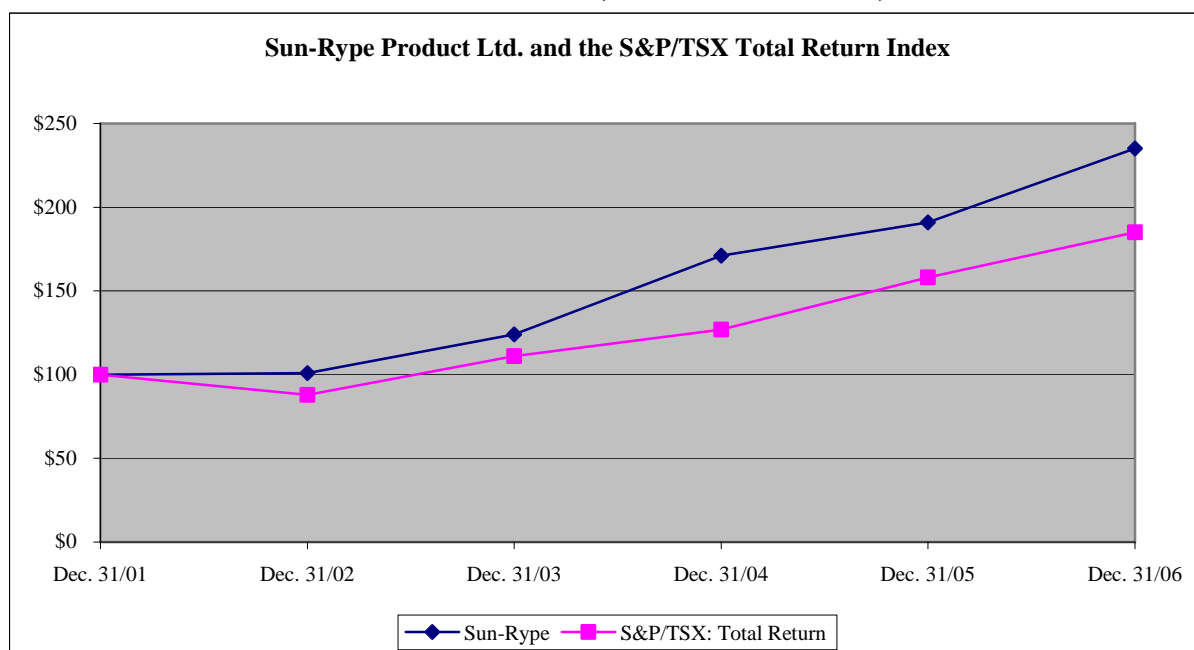
Submitted by the Compensation & Corporate Governance Committee:

James Eccott, Chairman  
Robert Dawson  
Merv Geen  
Douglas Souter

## PERFORMANCE GRAPH

The following graph compares the percentage change in Sun-Rype’s cumulative total shareholder return on its Common Shares with the cumulative total return of the Toronto Stock Exchange’s S&P/TSX Composite Index (the “S&P/TSX”) over the period from December 31, 2001 to December 31, 2006:

**Comparison of Cumulative Total Return  
For Period December 31, 2001 to December 31, 2006**



	Dec. 31/01	Dec. 31/02	Dec. 31/03	Dec. 31/04	Dec. 31/05	Dec. 31/06
Sun-Rype	\$100	\$101	\$124	\$171	\$191	\$235
S&P/TSX	\$100	\$88	\$111	\$127	\$158	\$185

*Note:* The graph illustrates the cumulative return on a \$100 investment in Common Shares made on December 31, 2001, as compared with the cumulative return on a \$100 investment in the S&P/TSX on December 31, 2001, calculated using closing prices on each of the dates indicated. The calculations assume reinvestment of dividends at market price on the cash dividend payment date.

## STATEMENT OF EXECUTIVE COMPENSATION

The following table sets forth all annual and long-term compensation for services in all capacities to the Company for the fiscal years ended December 31, 2006, 2005 and 2004, in respect of the Chief Executive Officer (“CEO”), the former and current Chief Financial Officers (“CFO”), and the three most highly compensated executive officers, other than the CEO and the CFO, of the Company whose total salary and bonus exceeded \$150,000 during the fiscal year ended December 31, 2006 (collectively, the “Named Executive Officers”):

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation (amounts in dollars)			Long-Term Compensation			All Other Compensation (4) (\$)
		Salary	Bonus <sup>(1)</sup>	Other Annual Compensation <sup>(2)</sup>	Awards		Payouts	
					Securities Under Options/SARs Granted (#)	Shares or Units Subject to Resale Restrictions (\$)	LTIP Payouts <sup>(3)</sup> (\$)	
ERIC SORENSEN <sup>(5)</sup> President and CEO	2006	294,360	100,535	-	-	-	0	25,529
	2005	283,038	108,108	-	-	-	0	23,319
	2004	227,404	70,023	-	-	-	56,851	18,116
GARY PEARSON <sup>(6)</sup> VP, Finance and CFO	2006	65,769	38,169	-	-	-	2,999	4,083
	2005	-	-	-	-	-	-	-
	2004	-	--	-	-	-	-	-
ROBERT MCGOWAN <sup>(7)</sup> VP, Finance and Admin. and CFO	2006	124,000	100,000	-	-	-	-	237,576
	2005	159,531	60,934	-	-	-	11,157	12,371
	2004	153,576	47,290	-	-	-	30,715	11,887
DAVE MCANERNEY <sup>(8)</sup> VP, Manufacturing	2006	162,923	70,432	-	-	-	7,175	4,005
	2005	24,000	90,108	-	-	-	1,852	208
	2004	-	-	-	-	-	-	-
BRAD BUCHANAN <sup>(9)</sup> VP, Customer & Corporate Business Development	2006	159,335	54,141	-	-	-	28,032	12,222
	2005	155,414	59,361	-	-	-	10,891	12,026
	2004	149,654	46,082	-	-	-	29,931	11,552
CINDY WILKER <sup>(10)</sup> VP, Supply Chain	2006	147,233	67,863	-	-	-	6,843	12,227
	2005	133,675	50,894	-	-	-	9,459	6,023
	2004	18,172	5,595	-	-	-	3,634	86

Notes: \_\_\_\_\_

- (1) Bonus earned in respect of any given financial year is determined and paid in the following year.
- (2) The aggregate amount of perquisites and other personal benefits are less than the lesser of \$50,000 and 10% of the total of the annual salary and bonus for each Named Executive Officer.
- (3) In 2004 and 2005 these LTIP payouts represented a minimum of 25% (2006 – 40%) of base annual salary for the Chief Executive Officer and a minimum of 20% (2006 – 35%) of base annual salary for the other Named Executive Officers for achieving or exceeding the pre-defined ROIC annual hurdle rate and are more fully explained in the LTIP Awards Table in the Long-Term Incentive Plan Awards section later.

- (4) Consists of amounts for defined contribution pension plan or RRSP contributions (other than for Mr. Sorensen), group life insurance premiums and contributions to the Company's Employee Share Purchase Plan for the benefit of each Named Executive Officer.
- (5) Mr. Sorensen was appointed President and Chief Executive Officer on March 1, 2004. He is not a member of the Sun-Rype defined contribution pension plan; therefore, he receives 6% of his salary (included in "All Other Compensation") in lieu of any Company paid contribution to the defined contribution pension plan.
- (6) Mr. Pearson was appointed Vice President, Finance and Chief Financial Officer on August 14, 2006.
- (7) Mr. McGowan retired on September 30, 2006, and received a severance entitlement pursuant to the terms of his employment contract. He was not eligible to receive a LTIP award for the year ended December 31, 2006.
- (8) Mr. McAnerney was appointed Vice President, Manufacturing on November 1, 2005.
- (9) Mr. Buchanan's employment with the Company terminated on February 12, 2007, and he received a severance entitlement calculated as per the terms of his employment contract, explained more fully later in this Information Circular under the heading "Employment Contracts".
- (10) Ms. Wilker was appointed Vice President, Supply Chain on November 1, 2004.

### Long-Term Incentive Plan ("LTIP") Awards

For the most recently completed financial year ended December 31, 2006, LTIP awards in the form of cash and/or Performance Units ("PU") were awarded to each of the Named Executive Officers ("NEO") as detailed in the following LTIP Awards Table and noted in the "Summary Compensation Table" under the "LTIP Payouts" column.

**LTIP Awards Table for the year ended December 31, 2006**

Name and Principal Position	Total LTIP Earned in 2006	Portion of LTIP Earned in 2006 and Deferred to 2008	Portion of LTIP Earned in 2006 and Awarded in 2007 <sup>(1)</sup>		Underlying Market Value of PU at time of Award <sup>(2)</sup>	Number of PU granted	Total Number of PU held in UPP <sup>(3)</sup>
			LTIP payout in Cash	LTIP converted to PU			
ERIC SORENSEN President & Chief Executive Officer	\$118,976	\$59,488	0	\$59,488	\$13.27	4,483	12,603
GARY PEARSON <sup>(4)</sup> VP, Finance and Chief Financial Officer	\$23,992	\$11,996	\$2,999	\$8,997	\$13.27	678	678
DAVE MCANERNEY VP, Manufacturing	\$57,400	\$28,700	\$7,175	\$21,525	\$13.27	1,622	1,939
BRAD BUCHANAN <sup>(5)</sup> VP, Customer & Corporate Business Development	\$56,063	\$0	\$28,032	\$0	N/A	0	0
CINDY WILKER VP, Supply Chain	\$54,740	\$27,370	\$6,843	\$20,527	\$13.27	1,547	3,167

Notes:

- (1) As detailed earlier in this Information Circular, under the "Report on Executive Compensation", the LTIP awards are based on achieving or exceeding pre-determined ROIC hurdle rates set by the board each year and are calculated as a percentage of the NEO's base annual salary in effect at the end of the performance period (December 31). The LTIP is paid out evenly in cash in the two years following the year in which it is earned, less the amount converted to Performance Units ("PU"). For 2006, each NEO is required to convert a minimum of 75% (to a maximum of 100%) of his or her LTIP awarded in a

year to PU. The CEO is required to convert 100% of his LTIP award to PU. The number of PU is determined by dividing the dollar amount of the LTIP award by the average closing price of Sun-Rype Common Shares on the TSX for the twenty trading days preceding the date of approval of the LTIP awards. The above table details the total dollar amount of LTIP earned for each NEO in 2006; the LTIP dollar amount deferred to 2008; the LTIP dollar amount paid out in cash in 2007 (to a maximum of 25%); the LTIP dollar amount converted to PU (to a maximum of 100%), the number of PU granted on conversion and the total number of PU held in the Unit Performance Plan (“UPP”) as at the date of this Information Circular.

- (2) The average closing price of one Sun-Rype Common Share on the TSX for the twenty trading days preceding the LTIP award approval date of February 28, 2007.
- (3) The number of PU in the UPP for each NEO as at the date of this Information Circular (March 21, 2007).
- (4) Mr. Pearson was appointed Vice President, Finance and Chief Financial Officer on August 14, 2006.
- (5) Mr. Buchanan’s employment with the Company terminated on February 12, 2007.

### **Stock Options**

There are no stock options currently issued and outstanding and no further Common Shares reserved for issuance pursuant to the Company’s stock option plans, which have all now expired.

### **Pension Plans**

The Company provides a registered defined contribution pension plan (the “Plan”) where both the employee and the Company contribute to the Plan.

The CEO is not a member of the Plan. The other NEO have the option of participating in the Plan or to opt out of the Plan and receive a payment, equivalent to the Company contribution under the Plan, directed to an RRSP (all Plan and RRSP contributions are disclosed in the “All Other Compensation” column in the Summary Compensation Table earlier in this Information Circular).

### **Employment Contracts**

Each NEO has an employment agreement in respect of his or her employment with Sun-Rype, which includes the terms governing termination of employment in certain circumstances as well as any specific terms governing employment.

The base salaries payable under the employment agreements are determined following the annual reviews by the Compensation & Corporate Governance Committee (in the case of the CEO) and the CEO (in the case of the other NEO). These employment agreements also provide for group life insurance, vehicle allowance, health, pension and other fringe benefits. All the agreements are for unspecified terms.

The employment agreements with each NEO, with the exception of Mr. McGowan, provide that in the event that the NEO’s employment is terminated without cause, the NEO is entitled to a severance payment calculated and paid based on his or her years of employment with the Company, ranging from a minimum severance payment of 12 months’ salary to a maximum severance payment of 20 months’ salary. The NEO will also be paid compensation for short-term incentive bonuses foregone, calculated and paid based on an average short-term incentive bonus compensation for the best three of the last five years of employment (or if employed less than five years, the best year of short-term incentive bonus compensation preceding the year in which employment is terminated), divided by 12 and multiplied by

the number of months calculated for the severance payment. If the NEO's duties are unilaterally and significantly changed or his or her annual aggregate compensation is unilaterally reduced, the NEO is entitled to resign and receive the severance payment as described above.

Pursuant to his employment agreement, Mr. McGowan retired on September 30, 2006, and received a severance entitlement equal to his annual compensation in effect at the date of his resignation (detailed under the heading "All Other Compensation" and the notes to the Summary Compensation Table in the Statement of Executive Compensation earlier in this Information Circular).

Severance entitlement for Mr. Sorensen is 18 months' salary if his employment is terminated without cause in the third to sixth year of his employment to a maximum of 20 months' salary in the following years; for Mr. Buchanan, 20 months' salary; and for Mr. Pearson, Mr. McAnerney and Ms. Wilker, 12 months' salary plus one month's salary for each year of employment to a maximum of 20 months' salary.

In the event that the employment of any of the NEO is terminated without cause following a "Takeover" (defined in the employment agreements to mean a transaction pursuant to which any person or organization acquires or becomes the beneficial owner of more than 66 2/3% of the voting shares of the Company without the support of Sun-Rype's board of directors), the NEO shall be entitled to receive a payment equal to 150% of the severance payment as calculated and described above for each NEO. In order to ensure that the NEO will not be distracted from the business of the Company and will continue to act in the best interests of the Company and its shareholders in the context of a proposed Takeover, the NEO shall be entitled to resign his or her employment following such a Takeover if his or her duties are unilaterally changed or his or her aggregate compensation is unilaterally reduced. Each NEO shall be entitled to receive the severance payment he or she would have received had his or her employment been terminated without cause following the Takeover.

### **Employee Share Purchase Plan**

In 1999, the shareholders of the Company approved an Employee Share Purchase Plan (the "ESPP") to encourage employee share ownership in Sun-Rype. The board of directors believes it is in the best interest of the Company to have the interests of employees closely aligned with the shareholders of the Company.

To be eligible to participate in the ESPP, an employee must have completed six months of continuous service with the Company and be at least 19 years old. An eligible employee of the Company may participate in the ESPP by contributing up to 7% of his or her wages by payroll deduction. The Company then contributes an amount equal to 35% of the amount contributed by an employee. The Administrator subsequently uses the combined contribution to purchase, on behalf of the participant, Common Shares of the Company on the open market through the facilities of the TSX.

Computershare Trust Company of Canada (the Administrator) administers the ESPP, and the Company pays the administration costs and any brokerage fees and other expenses incurred for the purchase of the Common Shares.

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

To the knowledge of management of the Company, other than described herein, no director or executive officer of the Company, no person who beneficially owns, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company (each of the foregoing being an “Informed Person”), no director or executive officer of an entity that is itself an Informed Person, no nominee for election as a director of the Company, and no associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction since the beginning of the Company’s last completed financial year or in any proposed transaction which, in either case, has materially affected or would materially affect the Company.

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

To the knowledge of management of the Company, other than as described herein, no director or executive officer of the Company at any time since the beginning of the last completed financial year of the Company, no nominee for election as a director of the Company and no associate or affiliate of any of the foregoing 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.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance is the process and structure used to supervise the business and affairs of the Company with the objective of enhancing shareholder value and ensuring the financial viability of the business. The process and structure define the division of authority and responsibilities and establish mechanisms for achieving accountability by the board and management. The direction and management of the business also takes into account the impact of decisions on other stakeholders such as employees, customers, suppliers and the communities in which Sun-Rype operates.

The board and management of Sun-Rype believe that sound corporate governance is an essential ingredient in the effective management of the Company, as well as in the ability to create maximum value for all stakeholders. Accordingly, the board and management work hard to ensure that Sun-Rype’s policies are in full compliance with current rules, guidelines and standards of the Canadian Securities Administrators, and that Sun-Rype’s approach to corporate governance reflects best practices as well as anticipated requirements.

A summary of the Company’s approach to certain aspects of corporate governance is given below.

### **Board of Directors Charter**

The full text of the Charter of Sun-Rype’s board of directors is attached as Appendix “A” to this Information Circular.

### **Committees of the Board of Directors**

The board has established an Audit Committee, an Executive Committee, a Compensation & Corporate Governance Committee and a Capital Allocation Committee. No committees of the board have autonomous authority. All such committees must seek board approval prior to the implementation of any proposed action or recommendation.



The *Audit Committee* is composed of all independent directors who meet the independence and financial literacy requirements for audit committees as set out in Multilateral Instrument 52-110 *Audit Committees*, and is chaired by a chartered accountant. The members of the Audit Committee: Donald Selman, FCA (chairman); Robert Dawson; and Jess Alfonso, review the annual and interim financial statements of the Company and certain other public disclosure documents required by regulatory authorities and make recommendations to the board with respect to such statements and documents. The Audit Committee meets with the auditors independently of management at least once per year, makes recommendations to the board regarding the appointment of independent auditors, and reviews the nature and scope of the annual audit as proposed by the auditors and management. The Audit Committee and the board, together with management, periodically review the risks inherent in the Company's business, as well as review with management the adequacy of the internal accounting control procedures and systems within the Company. The Audit Committee and the board review with management and the auditors any proposed changes in accounting practices or policies and the resulting financial statement impact. In December 2003, the Audit Committee adopted a "best practices" Audit Committee Charter (the "Charter"), which was subsequently approved and adopted by the board of directors. As part of the Charter, the Audit Committee also adopted a Whistleblower Policy, which provides for a confidential and anonymous process whereby persons with bona fide interests in matters relating to the financial records of the Company can express directly to an Audit Committee member any concerns or complaints about the accuracy, fairness or appropriateness of any financial report, accounting policy or public disclosure made by the Company.

The Whistleblower Policy is available for employees on the Company's internal intranet and on Sun-Rype's website at [www.sunrype.com](http://www.sunrype.com).

The Charter is reviewed annually and the full text of the Charter can be found on the Company's website at [www.sunrype.com](http://www.sunrype.com) and in the Company's 2006 Annual Information Form also available on the Company's website at [www.sunrype.com](http://www.sunrype.com) and on the Canadian Securities Administrators website at [www.sedar.com](http://www.sedar.com).

The *Executive Committee*, consisting of Merv Geen (chairman), James Eccott, Donald Selman, Thomas Knowlton and the CEO (ex-officio), is responsible for ensuring that the mission and strategic direction of the Company is reviewed annually as part of the regularly scheduled board meetings, is directed to work with management on developing the direction for the three-year strategic plan, and to assist with determining the agenda and plans for the annual planning session. One board meeting each year is devoted exclusively to discussing and reaffirming the strategic plan. The Executive Committee meets with the CEO as necessary to discuss and provide advice with respect to strategic and tactical business issues and has responsibility to oversee major acquisitions or corporate restructurings as well as oversee the search for and evaluation of candidates for the position of CEO, when required. This committee meets only as circumstances dictate or at the request of the chairman of the board or the CEO. The Executive Committee has adopted a written charter giving guidance as to their role and responsibilities that was subsequently approved and adopted by the board. The charter is reviewed annually by the Compensation & Corporate Governance Committee and the board.

The *Compensation & Corporate Governance Committee*, whose members are James Eccott (chairman), Robert Dawson, Merv Geen and Douglas Souter (all independent directors), is responsible for finding and nominating qualified candidates to serve as directors of the Company. This committee also has responsibility for the Company's overall approach to corporate governance and is responsible for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of each individual director. This committee also has responsibility for compensation and its function is more fully explained in this Information Circular under the heading "Report on Executive Compensation". The Compensation & Corporate Governance Committee has adopted a written charter that gives guidance to the committee on the responsibilities as a nominating, governance and compensation committee. The

Compensation & Corporate Governance Committee Charter was subsequently approved and adopted by the board and is reviewed annually.

The *Capital Allocation Committee*, consisting of Thomas Knowlton (chairman), Jess Alfonso, Merv Geen and Douglas Souter is responsible for providing counsel and advice to management with respect to capital expenditure requests related to key strategic initiatives over and above those approved by the board annually; for ensuring capital expenditures are consistent with the Company's three-year strategic plan and for ensuring that the Company's capital needs are appropriately prioritized. This committee meets only when requested by either the chairman of the board or the CEO. A written charter giving guidance to the Capital Allocation Committee was adopted by the board in March 2006 and will be reviewed annually hereafter.

### Meeting Attendance

The following tables present information concerning meetings of the board and committees of the board and director attendance at such meetings for the year ended December 31, 2006. The overall 2006 attendance record by directors at board meetings was 97% and at committee meetings was 100%. One director was absent from one board meeting due to illness and another director was elected to the board in May 2006.

The directors meet independently of management on an ad hoc basis and did so during three of its regularly scheduled board meetings in 2006. During one of its regularly scheduled board meetings in 2006 the directors met independently of management, with the exception of the CEO who was present as a director.

<b>Summary of Board and Committee Meetings Held</b>	
For the year ended December 31, 2006	
Board of Directors	5
Audit Committee	5
Compensation & Corporate Governance Committee	4
Executive Committee <sup>(1)</sup>	0
Capital Allocation Committee <sup>(2)</sup>	2

<b>Summary of Attendance of Directors</b>					
For the year ended December 31, 2006					
	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>	<b>Compensation &amp; Corporate Governance Committee Meetings Attended</b>	<b>Executive Committee Meetings Attended<sup>(1)</sup></b>	<b>Capital Allocation Committee Meetings Attended<sup>(2)</sup></b>
Jess Alfonso	5 / 5	5 / 5			2 / 2
Robert Dawson	5 / 5	5 / 5	4 / 4		
James Eccott	5 / 5		4 / 4		
Merv Geen	5 / 5		4 / 4		2 / 2
Thomas Knowlton	5 / 5				2 / 2
Donald Selman	4 / 5	5 / 5			
Eric Sorensen <sup>(3)</sup>	5 / 5				
Douglas Souter <sup>(4)</sup>	4 / 4		1 / 1		0 / 0

Notes: \_\_\_\_\_

- (1) The Executive Committee only meets as circumstances dictate or at the request of the chairman of the board or the CEO.
- (2) The Capital Allocation Committee meets ad hoc at the request of the chairman of the board or the CEO.
- (3) The CEO was invited to attend the Compensation & Corporate Governance Committee, the Audit Committee and the Capital Allocation Committee meetings to provide information to the committees as needed.
- (4) Mr. Souter was elected to the board of directors on May 10, 2006.

### **Code of Business Conduct and Ethics**

In February 2005, the board approved and adopted a written Code of Business Conduct and Ethics (the “Code”), which reflects Sun-Rype’s commitment to a culture of honesty, integrity and accountability. The Code outlines the basic principles and policies with which all employees are expected to comply. The Code discusses:

- compliance with the laws, rules and regulations under which the Company operates;
- conflicts of interest;
- the prohibition against taking, personally, corporate opportunities that rightfully belong to the Company;
- the need to maintain confidentiality of all corporate information;
- the protection and proper use of Company assets;
- the prohibition against insider trading, discrimination and harassment;
- a commitment to high ethics and fair dealing with Sun-Rype’s competitors, customers, suppliers and all stakeholders;
- a commitment to a safe and healthy workplace for employees; and
- a responsibility to ensure honest and accurate recording and reporting of all relevant information.

The Code further discusses the use of email and internet services by employees, sets rules on political activities and contributions, as well as both giving and receiving gifts and entertainment. Employees are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation and to report any violations of laws, rules, regulations or the Code. Through the Code, the Company sets out compliance procedures and how to approach a new question or problem, and ensures that the appropriate parties handle all questions and concerns fairly, discreetly and thoroughly.

The Code also provides for a certification by certain executive officers of the Company that, in their role, they adhere to and advocate certain principles and responsibilities governing their professional and ethical conduct. Only the board of directors or the Compensation & Corporate Governance Committee may make any waivers of the Code with respect to a director or officer of the Company, and any such waiver will be promptly disclosed to the extent required by applicable law or stock exchange regulation.

The board reviews the Code annually. A copy of Sun-Rype’s Code of Business Conduct and Ethics is available on the Company’s website at [www.sunrype.com](http://www.sunrype.com) and also on the Canadian Securities Administrators’ website at [www.sedar.com](http://www.sedar.com).

### **Disclosure Policy**

Sun-Rype’s management and board have always ensured that communications to the investing public about the Company are timely, factual, accurate, consistent and widely disseminated in accordance with all applicable legal and regulatory requirements. Seeking to formalize the Company’s disclosure practices, the board approved and adopted a Corporate Disclosure Policy (the “Policy”) in March 2004. This Policy outlines a process to follow when making disclosure, details who is responsible for

disclosure, and incorporates a series of checks and balances for disclosure of material information. A Corporate Disclosure Committee, consisting of the CEO, the CFO and the Corporate Secretary, has been established to oversee the Company's disclosure practices. To assist the committee in fulfilling its mandate, an Operational Disclosure Sub-committee, consisting of the six vice presidents and thirteen senior managers responsible for the key functional areas of the Company, meets quarterly and reports to the Corporate Disclosure Committee. The Policy is reviewed annually by the board and is available to all employees on the Company's internal intranet.

### **Insider Trading Policy**

An integral part of the Company's disclosure practices is Sun-Rype's Insider Trading Policy (the "Policy"), which was first adopted by the board in December 1996 and is revised periodically. This Policy sets out strict guidelines and rules on trading in Sun-Rype securities by directors, officers, employees and other persons in a special relationship with Sun-Rype. All directors and senior officers, and any other employees of the Company who have access to confidential or publicly undisclosed material information on the Company, may only buy or sell Sun-Rype securities in specific "open trading windows", provided he or she knows of no publicly undisclosed material information at the time of the trade. There are four "open trading windows" during the year; each "open trading window" will commence at the end of two clear trading days following the Company's press release announcing the annual or quarterly financial results and will last up to forty (40) calendar days each, or less in the case of the annual financial results. No trading is permitted during times of unusual activity such as material acquisitions or divestitures or during any "black-out period" announced by the Company. Trading may commence after the end of two clear trading days following the date of issuance of a press release by the Company announcing a material change or specific public announcement, or on advice from the Company that the "black-out period" has ended. During the "open trading windows", the board has mandated that all directors and officers must inform the Corporate Secretary when they trade in Sun-Rype's securities. Insiders are cautioned to be prudent and always assess whether or not they are aware of material, undisclosed information prior to trading.

### **Investor Relations**

The CEO, the CFO and the Corporate Secretary supervise Sun-Rype's communications to ensure that communications with stakeholders are made in a timely, accurate and effective manner, and that all regulations of the TSX and the governing securities regulators are met. The Company communicates at least quarterly with its stakeholders and the public. Sun-Rype maintains a 1-800 toll-free number, and an e-mail address for inquiries made via the Internet and the Company's website, [www.sunrype.com](http://www.sunrype.com), to allow shareholders and other interested parties direct and affordable access to Sun-Rype. Sun-Rype's regular telephone number, 1-800 toll-free number and e-mail address are published in Sun-Rype's annual and interim reports and other Sun-Rype publications. As well, at Sun-Rype's annual meeting, a full opportunity is afforded shareholders to ask questions concerning Sun-Rype's operations.

### **Corporate Governance Disclosure – Form 58-101F1**

Effective June 30, 2005, the Canadian Securities Administrators adopted National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201"), which effectively replaced the corporate governance guidelines and disclosure policies of the TSX. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. In addition, the Company is subject to Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"), which has been adopted in various Canadian provinces and territories and which prescribes certain requirements in relation to audit committees. A full description of each of the corporate governance practices of the Company with respect to NI 58-101 is set out in Appendix "B" to this Information Circular.

The Company has updated certain of its policies and procedures to comply with the Corporate Governance Disclosure Requirements and continues to work hard to ensure that Sun-Rype's policies are in full compliance with current rules, guidelines and standards of the Canadian Securities Administrators.

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

No director or executive officer of the Company, no proposed nominee as director of the Company, nor any associates of the foregoing, is currently nor has at any time since the beginning of the Company's last completed financial year been indebted to the Company, other than routine indebtedness arising by reason of purchases made on usual trade terms or ordinary travel or expense advances.

### **MANAGEMENT CONTRACTS**

The executive officers of Sun-Rype perform the management functions of Sun-Rype.

### **OTHER MATTERS**

Management of Sun-Rype is not aware of any matter to come before the Meeting other than as set forth in the Form of Proxy. The directors have approved the content of the Information Circular and of the Form of Proxy and the delivery to the shareholders of Sun-Rype.

### **ADDITIONAL INFORMATION**

#### **Availability of Disclosure Documents**

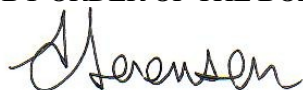
Financial information regarding Sun-Rype is included in Sun-Rype's audited financial statements and MD&A for the year ended December 31, 2006. Sun-Rype will provide to any shareholder, upon request to its Corporate Secretary, copies of this Information Circular, its most recent audited financial statements and accompanying MD&A, its interim financial statements and the accompanying MD&A, and its most recent Annual Information Form, all of which are also available on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.sunrype.com](http://www.sunrype.com).

#### **Directors' Approval of Information Circular**

The directors of Sun-Rype have approved the contents and mailing of this Information Circular, Form of Proxy and Notice of Meeting.

DATED this 21<sup>st</sup> day of March 2007.

BY ORDER OF THE BOARD



Eric Sorensen  
President and Chief Executive Officer

## **APPENDIX “A”**

### **SUN-RYPE PRODUCTS LTD. BOARD OF DIRECTORS CHARTER**

The purpose of this charter (“Charter”) of the board of directors (the “Board”) of Sun-Rype Products Ltd. (the “Company”) is to provide guidance to Board members as to their duties and responsibilities. The power and authority of the Board is subject to the provisions of applicable law.

#### **PURPOSE OF THE BOARD**

The Board is responsible for the stewardship of the Company. This requires the Board to oversee the conduct of the business and affairs of the Company. The Board discharges some of its responsibilities directly and discharges others through committees of the Board. The Board is not responsible for the day-to-day management and operation of the Company’s business, as this responsibility has been delegated to management. The Board is, however, responsible for supervising management in carrying out this responsibility.

#### **MEMBERSHIP**

The Board consists of directors elected by the shareholders as provided for in the Company’s constating documents and in accordance with applicable law. From time to time, the Compensation & Corporate Governance Committee shall review the size of the Board to ensure that its size facilitates effective decision-making by the Board in the fulfillment of its responsibilities.

Each member of the Board must act honestly and in good faith with a view to the best interests of the Company, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director is responsible for the matters under “Role and Responsibilities of the Board” below as well as for other duties as they arise in the director’s role.

All members of the Board shall have suitable experience and skills given the nature of the Company and its businesses and have a proven record of sound judgment. Directors are to possess characteristics and traits that reflect:

- (a) high ethical standards and integrity in their personal and professional dealings;
- (b) the ability to provide thoughtful and experienced counsel on a broad range of issues and to develop a depth of knowledge of the businesses of the Company in order to understand and assess the assumptions on which the Company’s strategic and business plans are based and to form an independent judgment with respect to the appropriateness and probability of achieving such plans;
- (c) the ability to monitor and evaluate the financial performance of the Company;
- (d) an appreciation of the value of Board and team performance over individual performance and a respect for others; and

- (e) an openness for the opinions of others and the willingness to listen, as well as the ability to communicate effectively and to raise tough questions in a manner that encourages open and frank discussion.

Directors are expected to commit the time and resources necessary to properly carry out their duties. Among other matters, directors are expected to adequately prepare for and attend all regularly scheduled Board meetings. New directors are expected to understand fully the role of the Board, the role of the committees of the Board and the contribution individual directors are expected to make.

## **ETHICS**

Members of the Board shall carry out their responsibilities objectively, honestly and in good faith with a view to the best interests of the Company. Directors of the Company are expected to conduct themselves according to the highest standards of personal and professional integrity. Directors are also expected to set the standard for Company-wide ethical conduct and ensure ethical behaviour and compliance with laws and regulations. If an actual or potential conflict of interest arises, a director shall promptly inform the Chair and shall refrain from voting or participating in discussion of the matter in respect of which he has an actual or potential conflict of interest. If it is determined that a significant conflict of interest exists and cannot be resolved, the director should resign.

Directors are expected to act in accordance with applicable law, the Company's Articles and the Company's Code of Business Conduct and Ethics. The Board is required to monitor compliance with the Code of Business Conduct and Ethics and is responsible for the granting of any waivers from compliance with the Code for directors and officers.

## **MEETINGS**

The Board shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine. Meeting agendas shall be developed in consultation with the Chair. Board members may propose agenda items through communication with the Chair. The Chair is responsible for ensuring that a suitably comprehensive information package is sent to each director in advance of each meeting. At the discretion of the Board, members of management and others may attend Board meetings, except for separate meetings of the non-management directors of the Board.

Directors are expected to be fully prepared for each Board meeting, which requires them, at a minimum, to have read the material provided to them prior to the meeting. At Board meetings, each director is expected to take an active role in discussion and decision-making. To facilitate this, the Chair is responsible for fostering an atmosphere conducive to open discussion and debate.

Non-management members of the Board shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings. The Chair shall be responsible for presiding over meetings of the non-management directors. Non-management directors may propose agenda items for meetings of non-management directors through communication with the Chair.

## **ROLE AND RESPONSIBILITIES OF THE BOARD**

The Board is responsible for approving the Company's goals, objectives and strategies. The Board shall adopt a strategic planning process and approve and review, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business. The Board is also responsible for identifying the principal risks of the Company's businesses and overseeing the implementation of appropriate risk assessment systems to manage these risks.

In addition to the other matters provided in this Charter, the Board is also responsible for the following specific matters:

- (a) review and approve management's strategic plans;
- (b) review and approve the Company's financial objectives, business plans and budgets, including capital allocations and expenditures;
- (c) monitor corporate performance against the strategic plans and business, operating and capital budgets;
- (d) management succession planning, including appointing, training and monitoring senior management and, in particular, the Chief Executive Officer (the "CEO") of the Company;
- (e) receive and consider recommendation of Compensation & Corporate Governance Committee with respect to ongoing performance evaluation of the CEO;
- (f) provide that an appropriate portion of senior executive management's compensation is tied to both short-term and longer-term performance of the Company;
- (g) monitor the integrity of the Company's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems;
- (h) approve acquisitions and divestitures of business operations, strategic investments and alliances and major business development initiatives;
- (i) the Company's communication policies, which:
  - (j) address how the Company interacts with analysts, investors, key shareholders and the public; and
  - (k) contain measures for the Company to comply with its continuous and timely disclosure obligations and to avoid selective disclosure and insider trading;
- (l) develop the Company's principles and approach to corporate governance;
- (m) assess its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual directors; and
- (n) monitor compliance with the Company's Code of Business Conduct and Ethics.



A director has an important and positive role as a representative of the Company. A director is also expected to participate in outside activities that enhance the Company's image to investors, employees, customers and the public.

#### **ROLE AND RESPONSIBILITIES OF THE CHAIR**

It is the policy of the Board that there be a separation of the offices of the Chair and the CEO and that the Chair not be a member of management of the Company. The Chair and the CEO are to be in regular communications during the course of the year including with respect to the Company's business and the responsibilities of the Board.

The principal responsibilities of the Chair of the Board shall be to oversee, manage and assist the Board in fulfilling its duties and responsibilities as a Board in an effective manner independently of management. The Chair shall be responsible, among other things:

- (a) to chair Board meetings and annual and special meetings of shareholders of the Company;
- (b) to organize an appropriate annual work plan and regularly scheduled meetings for the Board;
- (c) to participate in the preparation of the agenda for each Board meeting;
- (d) to monitor the work of the committees of the Board and in that connection the Chair may attend, as a non-voting participant, all meetings of Board committees (other than those on which he otherwise sits);
- (e) to arrange for an appropriate information package to be provided on a timely basis to each director in advance of the meeting;
- (f) to assist in the Board's evaluation and self-assessment of its effectiveness and implementation of improvements;
- (g) to provide appropriate guidance to individual Board members in discharging their duties;
- (h) to ensure newly appointed directors receive an appropriate orientation and education program; and
- (i) to provide arrangements for members of the Board to communicate with the Chair formally and informally concerning matters of interest to Board members.

#### **PROCEDURES TO ENSURE EFFECTIVE AND INDEPENDENT OPERATION**

The Board recognizes the importance of having procedures in place to ensure the effective and independent operation of the Board. In addition to the policies and procedures provided elsewhere in this Charter including under "Role and Responsibilities of the Chair" set out above, the Board has adopted the following procedures:

- (a) the Board has complete access to the Company's management;

- (b) the Board requires timely and accurate reporting from management and shall regularly review the quality of management's reports;
- (c) subject to the approval of the Compensation & Corporate Governance Committee, individual directors may engage an external adviser at the expense of the Company in appropriate circumstances;
- (d) the Board shall ensure that an Investor Relations function is provided for by the Company;
- (e) the Chair of the Board shall monitor the nature and timeliness of the information requested by and provided by management to the Board to determine if the Board can be more effective in identifying problems and opportunities for the Company; and
- (f) the Board, through its Compensation & Corporate Governance Committee and together with the CEO, shall develop a detailed job description for the CEO. This description shall be recommended by the Compensation & Corporate Governance Committee. The Board shall assess the CEO against the objectives set out in this job description.

## **BOARD COMMITTEES**

Subject to limits on delegation contained in corporate law applicable to the Company, the Board has the authority to establish and carry out its duties through committees and to appoint directors to be members of these committees. The Board assesses the matters to be delegated to committees of the Board and the constitution of such committees annually or more frequently, as circumstances require. From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board.

**APPENDIX “B”  
CORPORATE GOVERNANCE DISCLOSURE – FORM 58-101F1**

<b>CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS</b>	<b>COMMENTS</b>
<b>1. Board of Directors (the “Board”)</b>	
(a) Disclose the identity of directors who are independent.	Seven directors, being Merv Geen, Jess Alfonso, Robert Dawson, James Eccott, Thomas Knowlton, Donald Selman and Douglas Souter are all independent as none of these individuals have a direct or indirect material relationship with Sun-Rype Products Ltd. (“Sun-Rype” or the “Company”) or any significant security holder.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	One director, being Eric Sorensen, is not considered independent, as Mr. Sorensen is an employee and Chief Executive Officer (“CEO”) of the Company.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities.	Seven members of the Board are independent and one member is not independent as noted in (b) above; hence, a majority of the directors are independent and the Board functions independently from management.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Three Sun-Rype directors are presently serving on boards of other reporting issuers. Mr. Selman is a director of Canfor Corporation. Mr. Knowlton is a director of William Wrigley Jr. Company. Mr. Eccott is chairman and a director of Diamonex Resources Ltd. as well as a director on the boards of Bearclaw Capital Corporation and Prism Resources Ltd.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	The independent directors periodically hold sessions where the non-independent director and/or management are not present. In the most recently completed financial year, the Board met during three Board meetings where neither the non-independent director (the CEO) nor any other management were present, and at one other Board meeting where only one member of management, the CEO (the non-independent director), was present for a session within the Board meeting.
(f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.	The chair of the Board is Merv Geen who is an independent director as noted in (a) above. As mandated in the Board Charter, it is Sun-Rype’s policy that there be a separation of the offices of chair and CEO and that the chair cannot be a member of management. The role and responsibilities of the chair of the Board are fully described in the Board Charter, attached to this Information Circular as Appendix “A”.
(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.	Except for two directors, each of the members of the Board have attended all Board meetings held in 2006. One director was elected in May 2006 and a second director was absent for one meeting due to illness. The attendance record for each director is detailed on page 18 of this Information Circular.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS	COMMENTS
<p><b>2. Board Mandate</b> - Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.</p>	<p>The full text of the Board's written mandate – the <i>Board of Directors Charter</i> - is attached to this Information Circular as Appendix "A" and also on the Company's website, <a href="http://www.sunrype.com">www.sunrype.com</a> under the "Corporate Governance" heading accessed through the Investors tab. The Board reviews the Board Charter annually.</p>
<p><b>3. Position Descriptions</b></p>	
<p>(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.</p>	<p>The role and responsibilities of the Board and the chair of the Board are specifically set out in the Board's written Charter (see (2) above) and procedures have been adopted to ensure effective and independent operation of the Board. In addition, the Board delineates the role and responsibilities of the committee chairs with reference to the charter for the particular committee. The Board has adopted a written charter for each standing committee of the Board (more fully described earlier in this Information Circular under "Statement of Corporate Governance Practices") and the Board reviews the committee charters annually.</p>
<p>(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.</p>	<p>The Board has adopted a detailed position description for the CEO. The three-year strategic plan and the CEO's annual performance objectives, both of which are reviewed and approved by the Board, further define the role and responsibilities of the CEO.</p>
<p><b>4. Orientation and Continuing Education</b></p>	
<p>(a) Briefly describe what measures the Board takes to orient new directors regarding</p> <ul style="list-style-type: none"> <li>(i) the role of the Board, its committees and its directors, and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul>	<p>New directors to Sun-Rype are generally seasoned business executives with extensive experience on the boards of directors of other companies or have served in an executive management position for other private and public companies with similar experience to Sun-Rype's business operations. Orientation for these individuals is provided through meetings with the CEO, the Chief Financial Officer, and the operational vice presidents (i.e. sales, manufacturing, marketing, supply chain and human resources) and the other directors. All new directors are provided with both financial and narrative materials regarding Sun-Rype's business and given access to the secure Board website for Board and committee meeting minutes and governance materials. The Compensation &amp; Corporate Governance Committee, as part of its written charter, is responsible for overseeing the development and implementation of a program of orientation for new directors.</p>
<p>(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>The Board has not taken formal measures to provide continuing education for its directors; however, if there were particular courses or seminars that directors wished to attend, these would be considered on an individual basis and, in all likelihood, approved. Also, as part of the Board meeting agendas, presentations are made to the directors by various Sun-Rype advisors and other experts on such topics as current legal, governance, accounting, insurance, food safety and other pertinent issues. Presentations on operations and issues of particular functional units are also made. The directors are afforded a full opportunity at these presentations to ask questions of these advisors, experts and managers.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS	COMMENTS
<b>5. Ethical Business Conduct</b>	
<p>(a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>(i) The Board has adopted a Code of Business Conduct and Ethics (the "Code") for Sun-Rype's directors, officers and employees and reviews the Code annually (see discussion of the Code earlier in this Information Circular under "Corporate Governance Practices Statement"). A copy of the Code may be viewed on the Company's website at <a href="http://www.sunrype.com">www.sunrype.com</a> under the "Corporate Governance" heading accessed through the Investors tab, or in Sun-Rype's filings on the Canadian Securities Administrators website at <a href="http://www.sedar.com">www.sedar.com</a>. It is also available to all Sun-Rype employees on the Company's internal intranet.</p> <p>(ii) The Board monitors compliance with the Code through the Compensation &amp; Corporate Governance Committee and also through the Audit Committee and the Whistleblower Policy. All individuals subject to the Code are encouraged to report any illegal or unethical behaviour or violations of the Code in a timely manner in confidence and without fear of retaliation.</p> <p>(iii) Not applicable.</p>
<p>(b) Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>The Board insists that the provisions of its articles and of the <i>Business Corporations Act</i> (British Columbia) be followed with respect to actual or potential conflicts of interest that may exist in considering transactions and agreements. All such actual or potential conflicts of interest are to be immediately disclosed to the chairman of the Board, or the Compensation &amp; Corporate Governance Committee, and the director will refrain from voting or participating in discussion of the matter in respect of which he has an actual or potential conflict of interest.</p>
<p>(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board ensures that each director possesses high ethical standards and integrity in their personal and professional dealings. The Board also requires that each director have the ability to communicate effectively and to raise tough questions that encourage open and frank discussion. Each director must carry out his responsibilities objectively, honestly and in good faith with a view to the best interests of the Company. Directors and officers are also expected to set the standard for Company-wide ethical conduct and ensure ethical behaviour and compliance with laws and regulations, thereby fostering and encouraging a work place at which the highest standards of ethics are adhered to.</p>
<b>6. Nomination of Directors</b>	
<p>(a) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The Board periodically reviews its size to ensure that an appropriate number of directors, representing a diversity of views and business experience, are elected to the Board. The Compensation &amp; Corporate Governance Committee is responsible for developing a director profile against which to identify and interview potential candidates for Board nominations and to maintain a list of future candidates for Board membership.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS	COMMENTS
(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.	The Board's Compensation & Corporate Governance Committee performs the role of a nominating committee and is composed entirely of independent directors, being James Eccott (chairman), Merv Geen, Robert Dawson and Douglas Souter.
(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	As part of its charter, the Compensation & Corporate Governance Committee has the duties and responsibilities of a nominating committee. As such, it recommends to the Board: the criteria for selecting director candidates; the number of directors to be elected; the director nominees to be elected by the Company shareholders; individuals to fill vacancies or for newly created positions on the Board; and, maintains a list of future candidates for Board membership.
<b>7. Compensation</b>	
(a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.	As part of its charter, the Compensation & Corporate Governance Committee is responsible for determining compensation for Sun-Rype's directors and officers and has the authority to engage independent consultants and advisers at the expense of the Company. In fulfilling its role, this committee annually reviews the compensation philosophy and remuneration policy of the Company and recommends such philosophy and policy to the Board for approval each year.
(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.	The Compensation & Corporate Governance Committee is composed entirely of independent directors, being James Eccott (chairman), Robert Dawson, Merv Geen and Douglas Souter.
(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Compensation & Corporate Governance Committee is responsible for, among other things, reviewing and determining the annual salary, short and long-term incentives, and other compensation levels for Sun-Rype's CEO, and reviewing the directors' compensation levels. Following discussions with the CEO and after receiving his recommendations, the committee is responsible for reviewing and determining the compensation levels of the other executives of the Company with respect to short and long-term incentive awards. Additionally, the committee conducts an annual performance appraisal of the CEO and prepares a performance report for review by the Board annually.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	Hay Group was engaged to help build a compensation framework for non-executive and executive positions at Sun-Rype early in 2006. Hay Group also provided 2006 market information for non-executive and executive compensation to help Sun-Rype position itself appropriately within its comparator group.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS	COMMENTS
<p><b>8. Other Board Committees</b> - If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>In addition to an Audit Committee, the Board has a Compensation &amp; Corporate Governance Committee, an Executive Committee and a Capital Allocation Committee, whose functions are more fully described earlier in this Information Circular under “Statement of Corporate Governance Practices”. Sun-Rype also has a Corporate Disclosure Committee consisting of a director (the CEO), the CFO and the Corporate Secretary who are responsible for overseeing the Company’s disclosure practices and administering Sun-Rype’s Disclosure Policy.</p>
<p><b>9. Assessments</b> - Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>The Compensation &amp; Corporate Governance Committee (the “Committee”) reviews and assesses the development and adequacy of the Company’s policies and practices on corporate governance, the effectiveness of the Board as a whole, its size and composition, and its committees. The Committee chairman conducts an informal review annually, in consultation with each director, on the effectiveness of Board operations, its committees and its interactions with management. Directors are also requested to informally assess the performance of individual directors and the Board as a whole. As part of the process of Sun-Rype’s documentation of internal control systems and procedures, in order to be compliant with CEO/CFO Certification of Annual and Interim Filings, a Board self-assessment questionnaire was developed to assist the Board in completing a thorough evaluation of their effectiveness. The initial questionnaire was completed in March 2005 and updated in December 2005. In the future, the questionnaire will be updated bi-annually; with the next assessment to be done in December 2007.</p>

