

## STREET CAPITAL GROUP INC.

### Notice of Annual and Special Shareholders' Meeting

TAKE NOTICE that the Annual and Special Meeting (the "**Meeting**") of the shareholders of STREET CAPITAL GROUP INC. (the "**Corporation**") will be held at the TMX Broadcast Centre, The Exchange Tower, 130 King St. West, Toronto, Ontario, on June 6, 2018 commencing at 4:00 p.m. (Toronto time) for the following purposes:

1. TO RECEIVE the consolidated financial statements of the Corporation for the year ended December 31, 2017 and the report of the auditors thereon;
2. TO APPOINT Ernst & Young LLP as auditor of the Corporation and to authorize the directors to fix their remuneration;
3. TO ELECT directors;
4. TO CONSIDER and, if deemed advisable, pass, with or without modification, an ordinary resolution adopting a new By-law No. 1 of the Corporation (the full text of which is set forth in Schedule B of the accompanying management information circular (the "**Circular**")), which by-law by its terms repeals and replaces all previous by-laws governing the Corporation; and
5. TO TRANSACT such other business as may properly come before the Meeting or any adjournment thereof.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited his or her duly executed form of proxy not later than 4:00 p.m. (Toronto time) on June 4, 2018 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, at the offices of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

A form of proxy solicited by the management of the Corporation in respect of the Meeting is enclosed herewith, together with a copy of the Circular.

Shareholders who are unable to be present personally at the Meeting are requested to sign and return (in the envelope provided for that purpose) such form of proxy.

DATED this 1st day of May, 2018.

By Order of the Board

/s/ Duncan Hannay

**Duncan Hannay**  
**President and CEO**  
**Street Capital Group Inc.**

**STREET CAPITAL GROUP INC.**

**MANAGEMENT INFORMATION CIRCULAR  
as of April 20, 2018**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS, JUNE 6, 2018**

**THIS MANAGEMENT INFORMATION CIRCULAR (the "CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF STREET CAPITAL GROUP INC. (THE "CORPORATION") OF PROXIES FOR USE AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS (THE "MEETING") TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE AND AT ANY ADJOURNMENT OR ADJOURNMENTS THEREOF.** The mailing address of the principal executive office of the Corporation is 1 Yonge Street, Suite 2401, Toronto, Ontario, M5E 1E5. The record date for shareholders of the Corporation who will be entitled to notice of the Meeting is the close of business on May 2, 2018. Registered holders of common shares at the close of business on May 2, 2018 will be entitled to one vote for each common share held on each matter submitted to a vote on a poll at the Meeting.

**SOLICITATION OF PROXIES**

The cost of soliciting proxies will be borne by the Corporation. In addition to solicitation by mail, certain officers, directors and employees of the Corporation may solicit proxies by telephone or personally on behalf of the Corporation. These persons will receive no compensation for such solicitation other than their regular salaries. Proxy-related materials will be sent by the Corporation to registered holders and intermediaries holding on behalf of non-registered security holders of the Corporation but not directly to such non-registered holders. The Corporation intends to pay for such intermediaries to deliver proxy-related materials and Form 54-101F7 (the request for voting instructions) to "objecting beneficial owners", in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

**MANNER PROXIES WILL BE VOTED**

The accompanying form of proxy must be properly executed and received at the offices of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than 4:00 p.m. (Toronto time) on June 4, 2018 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting. If the accompanying form of proxy is executed in favour of Duncan Hannay or Marissa Lauder, the management nominees, the shares represented by the form of proxy will be voted at the Meeting and, where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specification made. **IN THE ABSENCE OF SUCH A SPECIFICATION, SUCH SHARES WILL BE VOTED IN FAVOUR OF SUCH MATTER.**

**The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying notice of the Meeting, and with respect to other matters which may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or other matters.**

**ALTERNATE PROXY**

**Each shareholder has the right to appoint a person or company other than the person named in the accompanying form of proxy, who need not be a shareholder, to attend and act for him or her and on his or her behalf at the Meeting or any adjournment thereof.** Any shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person or company whom such shareholder wishes to appoint as proxy, or by duly completing another proper form of proxy, and duly depositing the same before the specified time.

## REVOCABILITY OF PROXY

A shareholder giving a proxy has the power to revoke it. Such revocation may be made by the shareholder attending the Meeting, by the shareholder duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or by written instrument revoking such proxy executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of the Corporation, 1 Yonge Street, Suite 2401, Toronto, Ontario, M5E 1E5 at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof, or with the Chair of the Meeting on the day of the Meeting or any adjournment thereof. If such written instrument is deposited with the Chair of the Meeting on the day of the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

## OUTSTANDING SECURITIES AND VOTING RIGHTS

At the date hereof the Corporation has issued and outstanding 122,184,182 common shares. The common shares carry one vote per share.

## RECORD DATE FOR NOTICE AND VOTING

Only shareholders of record at the close of business on May 2, 2018 need be mailed notice of the Meeting. A quorum for the transaction of business at any meeting of shareholders is two persons present in person, each being either a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled and holding or representing the holder or holders of shares carrying not less than 25% of the total number of votes attaching to the outstanding voting shares. A holder of shares of record as at the close of business on May 2, 2018 will be entitled to vote such shares in person or by proxy at the Meeting (subject in the case of voting by proxy to the timely deposit of his or her executed form of proxy with Computershare Investor Services Inc. as specified in the notice of the Meeting).

## PRINCIPAL SHAREHOLDERS

At the date hereof, to the knowledge of the directors and senior officers of the Corporation, the only shareholder beneficially owning or exercising control or direction over shares carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation is:

<b><u>Name of Shareholder</u></b>	<b><u>Common Shares Beneficially Owned, Directly or Indirectly, Controlled or Directed at April 20, 2018</u></b>	<b><u>Approximate Percentage of Outstanding Common Shares</u></b>
FCMI Financial Corporation ("FCMI") <sup>(1) (2)</sup>	12,412,151 common shares	10.2%

(1) The information as to shares owned by FCMI is based solely on public filings.

(2) FCMI's share ownership includes the following joint actors: FCMI Parent Co., FCMI Financial Corporation, and Pan Atlantic Bank and Trust Limited.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### ***Appointment of Auditor***

It is proposed that Ernst & Young LLP ("**E&Y**"), which was appointed as auditor of the Corporation by the shareholders at the June 7, 2017 annual and special meeting of shareholders, be appointed as auditor of the Corporation to hold office until the close of the next annual meeting of shareholders.

Unless such authority is withheld, it is intended that the persons named in the accompanying form of proxy will vote the common shares represented thereby in favour of appointing E&Y as the auditor of the Corporation and authorizing the directors of the Corporation to fix E&Y's remuneration.

The aggregate fees for all services provided by E&Y during the years ended December 31, 2017 and 2016 were as follows:

<b>Item</b>	<b>Year ended December 31, 2017 (\$)</b>	<b>Year ended December 31, 2016 (\$)</b>
Audit fees	343,073	294,935
Audit-related fees	16,927	9,068
Tax fees	20,566	-
All other fees	110,491	4,000
<b>Total</b>	<b>491,057</b>	<b>308,003</b>

Tax fees include services rendered for tax compliance. All other fees in 2017 primarily relate to services rendered in connection with the Corporation's banking strategy, and in both years also include Canadian Public Accountability Board fees. Audit-related fees in both years include a review for specified audit procedures related to the Corporation's subsidiary, Street Capital Bank of Canada's ("**Street Capital Bank**").

### ***Election of Directors***

Directors of the Corporation are elected annually by the shareholders. The articles of the Corporation provide that the number of directors to be elected shall be a minimum of five and a maximum of twenty. The number of directors is currently fixed at eight. It is proposed that a board of nine directors is to be elected at the Meeting.

The board of directors of the Corporation (the "**Board**") has adopted a majority voting policy in director elections that will apply at any meeting of shareholders where an "uncontested election" of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to immediately submit his or her resignation to the Board. Following the receipt of a director's resignation, the Governance, Conduct Review and Compensation Committee ("**GCRC Committee**") will consider whether or not the Board should accept the offer of resignation. Except in special circumstances, the GCRC Committee will be expected to recommend that the Board accept the resignation. Within 90 days following the meeting of shareholders, the Board will make its decision and issue a press release, which will disclose the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to the majority voting policy will not be permitted to participate in any meeting of the Board or the GCRC Committee at which the resignation is considered.

More detail regarding the Corporation's majority voting policy is attached to the Circular as Appendix A.

The term of office of all present directors of the Corporation expires at the Meeting. All proposed directors' terms of office, if elected, will expire at the next annual meeting of shareholders. If, prior to the Meeting, any vacancies occur in the slate of proposed nominees herein submitted, the persons named in the accompanying form of proxy will vote the shares represented thereby in favour of election as directors any substitute nominee or nominees recommended by the management and Board of the Corporation as well as in favour of the remaining proposed nominees. Management has been informed by each nominee that the nominee is willing to stand for election and serve as a director.

Unless such authority is withheld, it is intended that the persons named in the accompanying form of proxy will vote the shares represented thereby in favour of electing as directors the nominees named below. The following information is submitted with respect to the nominees for directors:

<b>Name, Province and Country of Residence or Employment</b>	<b>Principal Occupation</b>	<b>Periods during which Nominee has Served as a Director</b>	<b>Committee Membership</b>	<b>Number of Voting Securities Beneficially Owned Directly or Indirectly, Controlled or Directed at April 20, 2018<sup>(1)</sup></b>
ALLAN C. SILBER Ontario, Canada	Chair of the Board	Since August 2, 1979	-	9,160,393 <sup>(2)</sup>
DUNCAN HANNAY Ontario, Canada	President and Chief Executive Officer	Since September 1, 2017	-	2,000,000
RONALD APPLEBY, Q.C. Ontario, Canada	Partner, Robins, Appleby LLP, Barristers & Solicitors	Since June 19, 2007	Audit; GCRC	501,500
TOM BERMINGHAM Ontario, Canada	Corporate Director	Since June 18, 2015	Audit; ERM	36,500
W. EDWARD GETTINGS Ontario, Canada	Corporate Director; Former Chief Executive Officer	Since June 18, 2015	-	9,970,709
RON LALONDE Ontario, Canada	Corporate Director	Since June 18, 2015	ERM (Chair); GCRC	37,500
MORRIS PERLIS Ontario, Canada	Corporate Director	August 26, 1992 – December 14, 2001 and since June 18, 2015	GCRC (Chair)	815,000
LEA RAY Ontario, Canada	Corporate Director	Since June 18, 2015	Audit (Chair);ERM	25,000
CARRIE RUSSELL Ontario, Canada	Independent Adviser, CE Russell Ltd.	Not currently a director	N/A	-

- (1) The information as to common shares beneficially owned or controlled by the nominees, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees.
- (2) Mr.-Silber owns 6,026,501 common shares; CXS Holdings Inc., a corporation controlled by Mr. Silber, owns 3,099,192 common shares; Anglian Holdings Inc., a corporation of which Mr. Silber is a director and senior officer, owns 34,700 common shares.

## Nominee Profiles

**Allan C. Silber** – Mr. Silber is the Chair of the Board, and its wholly-owned subsidiary, Street Capital Bank of Canada. Mr. Silber founded the Corporation in 1979 and served as its President and CEO until June 2015. Mr. Silber is actively involved in a number of cultural, charitable and community-based organizations, including participation at the board level, and has been Chairman of numerous fundraising events for community-based international organizations. He is also the Chairman of the board of Heritage Global Inc., a U.S. public company, United States Securities and Exchange Commission filer, and Canadian reporting issuer. Mr. Silber attended McMaster University and received a BSc from the University of Toronto.

**Duncan Hannay** - Mr. Hannay is the President and CEO of the Corporation and its wholly owned subsidiary, Street Capital Bank of Canada. Mr. Hannay was appointed as a Director when he joined the Corporation on September 1, 2017. Prior to joining the Corporation, he held the position of Chief Operating Officer at FINASTRA, the world's third largest financial technology ("fintech") provider. Mr. Hannay has more than 25 years of experience building and growing businesses in the financial services and technology sectors with roles including: President, Global Lending Solutions at D+H; Senior Vice President and Head of Marketing at Scotiabank; Managing Director and Head of Online Brokerage at Scotiabank; and President and CEO at E\*TRADE Canada Securities. Mr. Hannay holds a Bachelor of Engineering degree from McMaster University and has also completed the Strategic Management in Banking, Business Administration and Management program at INSEAD. In 2010, he was inducted into the McMaster University Alumni Gallery, and in 2013, was named Strategy Magazine's "Marketer of the Year." He currently serves as the past Chair of the Board of Directors of Covenant House Toronto, Canada's largest shelter for homeless youth.

**Ronald Appleby, Q.C.** – Mr. Appleby has been a partner at Robins, Appleby LLP since 1973 and was appointed Queen's Counsel in 1982. Mr. Appleby's practice includes consulting on income tax and business matters in major commercial transactions and corporate reorganizations, as well as high-net-worth estate planning. Mr. Appleby serves on the boards of directors of numerous corporations, and has played a leadership role in many major civic, philanthropic and cultural organizations. Mr. Appleby is a member of the Law Society of Upper Canada, the York County Law Association, the Canadian Bar Association, the Canadian Tax Foundation, the International Fiscal Association, and the Foundation for Legal Research in Canada. He was called to the Bar of Ontario with first class honours in March 1970. As well, he attained first class honours in four consecutive years at the University of Toronto, from which he holds a Bachelor of Commerce degree.

**Tom Bermingham** – Mr. Bermingham is a Chartered Professional Accountant and provides advisory services to financial institutions in the areas of governance, risk, compliance, treasury, finance and accounting. Mr. Bermingham has served on public, private and not-for-profit Boards of Directors. He has worked as a senior banking executive in the roles of Chief Risk Officer at Continental Bank of Canada; Vice President of Finance and Treasurer at Bank of Montreal; and President at the Canadian and North American Asset & Liability Management Associations. Mr. Bermingham is a member of the Institute of Corporate Directors, Professional Risk Managers' International Association and Chartered Professional Accountants of Ontario. Mr. Bermingham received an Honours Bachelor of Mathematics degree from the University of Waterloo, and completed the Advanced Leadership Program, Rotman Business School, University of Toronto and Executive Management Program, Ivey Business School, University of Western Ontario.

**W. Edward Gettings** – Mr. Gettings is the former CEO of Street Capital Bank of Canada, which he was crucial in founding in 2007. Mr. Gettings is also a former CEO of the Corporation, a position he held beginning June 2015. He retired from these positions in September 2017. Mr. Gettings previously held the position of CIBC Executive Vice President, Mortgages, Lending & Insurance. He served as overall executive leader for multiple business lines and oversaw long term strategic planning, annual plan execution and overall P&L responsibilities. Mr. Gettings holds a Bachelor of Business Administration from Wilfrid Laurier University.

**Ron Lalonde** – Mr. Lalonde served in a number of business, financial, operational, technological, risk management and human resources roles prior to his retirement from his position as Senior Executive

Vice-President, Technology and Operations at CIBC in 2010. Mr. Lalonde is currently a director of Morneau Shepell, a human resources consulting and technology company. Mr. Lalonde is also a Commissioner of the Toronto Transit Commission. Mr. Lalonde earned an MBA from the Ivey School of Business Administration, Western University and has received the Institute of Corporate Directors (ICD.D) certification.

**Morris Perlis** – Mr. Perlis served as President of the Corporation from 1992 until 2001 and as Executive Vice Chairman from July 2009 to June 2015. In addition to his past experience at the Corporation, Mr. Perlis brings a wealth of expertise gained in senior strategic and management roles with leading organizations. He spent 13 years with American Express Inc., including five years as President of American Express Canada. During that time he obtained approval for, and directed the launch of, the AMEX Bank of Canada, for which he also served as CEO. Mr. Perlis's background also includes entrepreneurial activities. He spent four years as President and CEO of Mad Catz Interactive, during which time Mad Catz became the largest third-party manufacturer in its industry. Mr. Perlis has served on a number of private and not-for-profit boards, including the boards of Sears Bank of Canada, Sears Canada, Assante Corporation and the Baycrest Centre for the Aged Foundation. He is currently a member of York University's Schulich Business School Advisory Board and Toronto's Mt. Sinai Hospital Board of Governors, and Past Chairman of the Board of UJA Federation of Toronto. He is also a board member of the Corporation's former subsidiary, Heritage Global Inc., a U.S. public company, United States Security and Exchange Commission filer, and Canadian reporting issuer.

**Lea Ray** – Ms. Ray is a Chartered Professional Accountant and seasoned board director, holding an ICD.D from the Institute of Corporate Directors. Ms. Ray is a current director of Pro-Demnity Insurance Company, Tarion Warranty Corporation, and the Workplace Safety and Insurance Board (Ontario). Over the past decade, Ms. Ray has held multiple board leadership roles including Chair of Audit, Finance and Governance Committees and Board Vice Chair. Her financial career began with PricewaterhouseCoopers and she is a former Vice-President Corporate Finance, of Warner Bros. Entertainment Canada Inc., where she was employed for 19 years. Ms. Ray has served on the Professional Conduct Committee of the Chartered Professional Accountants (Ontario) and has served as a board member and volunteer of several non-profit health, conservation and community institutions.

**Carrie Russell** – Ms. Russell is an experienced business line leader, product/solution designer, and builder of consumer and B2B brands in Financial Services and Technology Solutions companies. Since July 2015 she has worked with financial institutions and fintech companies as an independent adviser on business transformation and growth, to identify, plan and manage the capabilities, changes and market engagement approaches required for success. Formerly, from November 2012 to June 2015 Ms. Russell was EVP and Chief Marketing Officer at D&H, where she was instrumental in introducing new products and services. Prior to joining D&H, Ms. Russell held a variety of positions at major Canadian banks, including TD Bank from June 1998 to June 2012, most recently as a Senior VP in the retail banking segment from June 2008 to June 2012. Ms. Russell holds a Corporate Director Certification from DeGroote School of Business and an Honours Bachelor of Arts from McGill University. She has served on a number of private boards and committees, including as Chair of the Operations Committee of the Canadian Bankers Association, and the board of the Canadian Payments Association. Ms. Russell is currently an Advisor and Activator with SheEO, a social enterprise company, and a Board member and Funding Committee Chair with Food Starter, a hands-on program that assists entrepreneurs who want to make a breakthrough in the food market.

## Directors' Competency Matrix

Shown below is a competency matrix that highlights the particular expertise and experience of the current and nominated directors.

	Allan Silber	Duncan Hannay	Ronald Appleby	Tom Bermingham	W. Edward Gettings	Ron Lalonde	Morris Perlis	Lea Ray	Carrie Russell
<b>Accounting, Audit &amp; Financial Literacy</b>	✓		✓	✓		✓		✓	
<b>CEO/Executive leadership</b>	✓	✓	✓	✓	✓	✓	✓		✓
<b>Executive Compensation &amp; Human Resources</b>	✓		✓			✓	✓	✓	✓
<b>Financial services</b>	✓	✓	✓	✓	✓	✓	✓		✓
<b>Governance/ Board</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Government Relations &amp; Public Policy</b>				✓		✓		✓	✓
<b>Information Technology/Outsourcing</b>		✓				✓			✓
<b>Legal &amp; Regulatory</b>			✓			✓		✓	
<b>Marketing &amp; Branding</b>		✓			✓		✓		✓
<b>Mortgages/Real Estate</b>	✓		✓		✓				
<b>Risk Management</b>		✓		✓		✓		✓	
<b>Strategic Planning</b>	✓	✓	✓		✓	✓	✓		✓
<b>Liquidity Risk</b>	✓			✓		✓			
<b>Mortgage Broker Channel</b>	✓	✓			✓				
<b>Capital Management</b>	✓			✓		✓			

### **Adoption of New By-Law No. 1**

The existing by-laws of the Corporation were adopted in 1979 when a predecessor of the Corporation was first incorporated. In the years which have passed, there have been changes in the manner in which corporate business and organization is managed, and there have also been changes in the underlying statutory and regulatory provisions which affect the Corporation. While the Board has adopted or amended specific new by-laws and repealed others over the past number of years, the Board has determined it is appropriate to adopt the proposed new By-law No. 1 ("**New By-Law No. 1**") to replace all of the Corporation's existing by-laws. New By-law No. 1 will govern all aspects of the business and affairs of the Corporation, such as the establishment of a quorum for meetings of directors and shareholders, the conduct of such meetings, signing authorities, the appointment of officers, the description of the officers' duties, the establishment of committees of the Board, the authority of persons to contract on behalf of the Corporation and similar matters. In particular, New By-law No. 1 includes provisions to accommodate voting and participation in meetings of shareholders by electronic means when available.

In addition, New By-law No. 1 sets out advance notice provisions for the nomination of directors. The Board has determined that it is in the best interest of the Corporation to adopt these provisions that require advance notice by any shareholders intending to nominate a director to the Board. The Board believes that all shareholders should be provided with sufficient disclosure about director nominees and time to make appropriate decisions regarding the election of directors to the Board. The purpose of the advance notice provisions is to (i) ensure that all shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or, where the need arises, special meetings of shareholders of the Corporation.

The following is a summary of key provisions of the advance notice provisions. It is qualified in its entirety by the full text of the advance notice provisions at Section IX of New By-law No. 1 attached to this Circular as Schedule B:

- In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 days prior to the date of the annual meeting.
- In the event that an annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.
- In the case of a special meeting of shareholders, notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the public announcement of the date of the special meeting was first made.
- The Board may, in its sole discretion, waive any requirement of the advance notice provisions.

As a result of these requirements, the advance notice provisions provide all shareholders with the opportunity to participate effectively in the election of directors by allowing them to consider all director nominees and to be made aware of potential proxy contests in advance of an annual or special meeting of shareholders of the Corporation.

At the meeting, Shareholders will be asked to approve an ordinary resolution (the "**By-Laws Resolution**") in order to ratify and confirm the New By-Law No. 1. The By-Laws Resolution must be passed by a majority of the votes cast on this matter by Shareholders present in person or by proxy at the Meeting.

The text of the By-Law Resolution reads as follows:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE VOTING SHAREHOLDERS THAT:

1. The repeal and revocation of all existing by-laws governing the Corporation, as of the date hereof, is confirmed.
2. The adoption of By-Law No. 1, as of the date hereof, being by-laws relating generally to the transaction of business and affairs of the Corporation substantially in the form attached as Schedule B to the Circular, is hereby confirmed; and
3. Any director or officer of the Corporation be, and he or she is hereby authorized and directed, on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution.”

**The Board recommends that shareholders vote in favour of the adoption of New By-Law No. 1. In order to be effective, the By-Law Resolution must be approved by a majority of the votes cast by the shareholders of the Corporation who vote in respect of the resolution. Unless a shareholder specifies otherwise in a proxy, the persons named in the accompanying proxy intend to vote in favour of such resolution.**

## COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis provides the Corporation's shareholders with a description of the objectives, oversight and payout of the Corporation's executive compensation, particularly that relating to its Named Executive Officers (the "NEOs"). The NEOs are defined as the individuals who held the CEO and CFO positions, as well as the three most highly compensated executive officers whose total compensation during the year exceeded \$150,000. The NEOs for 2017 are:

**Duncan Hannay** – President and Chief Executive Officer beginning September 1, 2017.

**W. Edward Gettings** – Chief Executive Officer from January 1 – September 1, 2017.

**Marissa Lauder** – Executive Vice President and Chief Financial Officer

**R. Adam Levy** – Executive Vice President and Chief Operating Officer

**Gregory Parker** – Executive Vice President, Capital Markets and Treasury

**Gary H. Taylor** – Executive Vice President and Chief Risk Officer

### ***Executive Compensation Determination***

The Corporation's Board is responsible for the oversight of all aspects of the Corporation's compensation. This includes corporate policies and programs, including changes and updates to executive compensation, payouts of performance bonuses, and regular review of existing compensation programs. Board approval of the above is based on the recommendations made by the Board's Governance, Conduct Review and Compensation Committee. The GCRC Committee is responsible for ensuring that the Corporation's executive compensation program is reasonable, appropriate, and aligns the interests of executives with the interest of shareholders.

The members of the GCRC Committee and their relevant experience are described below.

Committee Member	Experience
Morris Perlis (Chair)	Mr. Perlis is a former President and Executive Vice Chairman of the Corporation, and has been a Director of the Corporation since 2015. Mr. Perlis has held senior strategic and management roles in leading organizations, which have included responsibility for compensation plan issues. He is currently the Chair of the Compensation Committee of Heritage Global Inc., a US public company, and the Chair of the Compensation Committee and Human Resource Committee for the Jewish Toronto Federation, an umbrella organization for the Jewish community of Toronto. Mr. Perlis has served on a number of private and not-for-profit boards, which service has included assisting with compensation plans. Mr. Perlis is not considered independent at the date of this Circular, but will become independent effective June 23, 2018.
Ronald Appleby	Mr. Appleby, Q.C. has been a Director of the Corporation since 2007. As a partner in the law firm of Robins, Appleby LLP since 1973, his practice includes consulting on major commercial transactions and corporate reorganizations, as well as high net worth estate planning. This practice has included assisting clients to hire senior officers and determine appropriate compensation. Mr. Appleby has served on numerous boards, and has held the equivalent position to GCRC Committee chair at several companies. Mr. Appleby is an independent director.

Ron Lalonde	Mr. Lalonde has been a Director of the Corporation since 2015. Prior to retiring from CIBC in 2010, Mr. Lalonde held several senior executive roles at the bank, which for a number of years included executive responsibility for the Human Resource function. This role involved direct engagement with the Management Resources and Compensation Committee on a variety of compensation, succession planning and related issues. Mr. Lalonde is currently a director of Morneau Shepell, a human resources consulting and technology company, and a director of the Toronto Transit Commission, which involves regular reviews of human resource and compensation issues. Mr. Lalonde is an independent director, and he acted as Chair of the Search Committee that was formed during 2017 to identify and recommend Mr. Duncan Hannay as the Corporation's CEO.
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### ***Compensation Consulting and Peer Group Benchmarking***

During 2016, an independent consulting firm, Mercer, Canada ("**Mercer**") was engaged to assist the GCRC Committee with completion of a thorough review of the Corporation's compensation strategy and practices. Mercer provided guidance and advice throughout the review process, including an assessment of the Corporation's executive compensation levels against market, its compensation practices' alignment with the Financial Stability Board Principles for Sound Compensation Practices (the "**FSB Principles**"), as published by the Office of the Superintendent of Financial Institutions ("**OSFI**"), as well as alignment with shareholder interests and long-term value creation.

For the assessment of the Corporation's executive compensation levels against market, Mercer selected the following organizations to use as a peer group for benchmarking purposes:

- Home Capital Group Inc.
- Canadian Western Bank
- First National Financial LP
- Equitable Group Inc.
- MCAP
- MCAN Mortgage Corporation
- Pacific and Western Bank of Canada
- Equity Financial Holdings Inc.

The organizations above were selected for bench marking based on having a similar business model and/or being of similar size. It should be noted that although a number of organizations operate in the mortgage lending space, as does the Corporation, few of them are directly comparable.

The review led to a redesign of the Corporation's executive compensation plan for 2017, in order to better align it with the FSB Principles and shareholder interests.

### ***Executive Compensation Objectives and Risks***

As discussed, the Corporation's executive compensation plan was redesigned for 2017 to better align with the FSB principles and shareholder interests. To achieve this, variable compensation was adjusted to include both a short-term cash component and a mid to long-term equity component. Additionally, specific weightings between corporate and individual performance criteria were introduced.

The broad objectives of the Corporation's redesigned executive compensation plan are to ensure that compensation is aligned with the Corporation's overall strategy and risk appetite, and that management's interests are aligned with shareholders' interests and the creation of shareholder value.

The key components of such a plan are:

- emphasizing pay for performance by having a significant portion of executive compensation "at risk";

- directly aligning the interests of executives with the long term interests of shareholders by awarding share based compensation at current market prices, which have value to the executives only through share price appreciation over the mid and long term;
- ensuring that variable compensation linked to corporate performance is structured so as not to encourage excessive risk taking by those employees who are in a position to directly influence corporate results; and
- providing compensation opportunities that attract and retain talented and committed executives on a long-term basis.

No risks have been identified as arising from the Corporation's compensation policies or practices that are reasonably likely to have a material adverse effect on the Corporation. As discussed in more detail below, the Corporation's compensation program is designed to include components that discourage executive officers from taking unnecessary and excessive risks that could have a material adverse effect on the Corporation. These components include base salaries that are sufficiently competitive and not subject to performance risk, stock option and RSU grants that have value only over the mid- and long term, and appropriate allocations of performance goals between corporate and individual results.

### ***Alignment with the Financial Stability Board's Principles for Sound Compensation Practices***

**The firm's board of directors must actively oversee the compensation system's design and operation.**

- The Board's Governance, Conduct Review and Compensation Committee is responsible for ensuring that the Corporation's executive compensation program is reasonable, appropriate, and aligns the interests of executives with the interest of shareholders. The Board's Enterprise Risk Management Committee is responsible for ensuring that the compensation program, in particular those elements relating to variable compensation based on achievement of performance goals, is aligned with the Corporation's risk appetite. The GCRC Committee recommends the program to the full Board for approval.

**The firm's board of directors must monitor and review the compensation system to ensure the system operates as intended.**

- The GCRC Committee reviews the compensation program at least annually, and recommends any changes necessary to ensure the objectives of the program are being met. The GCRC Committee also works with the VP, Human Resources to ensure the compensation program is developed, implemented and maintained appropriately. The GCRC Committee holds regular meetings at which no members of the Corporation's management are present, and reports to the Board at least quarterly.

**Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.**

- The Corporation's Vice President and Chief Internal Auditor reports directly to the Audit Committee, and the executives in charge of other control functions regularly meet with the Audit Committee Chair. Executives, senior managers, and employees of financial risk and control functions have a greater percentage of their variable compensation linked to individual performance goals and control effectiveness, rather than to corporate results.

**Compensation must be adjusted for all types of risk.**

- The GCRC Committee and the Board can choose to reduce payout of one or more components of variable compensation, if on examination it is determined that the result was achieved by

activities and operations that were outside of the Corporation's risk appetite. As well, proceeds realized from the exercise of stock options or the payout of restricted share units may be clawed back in certain circumstances, including breach of fiduciary duty by the payee.

**Compensation outcomes must be symmetric with risk outcomes.**

- The GCRC Committee and the Board have the authority to adjust variable compensation in response to events and factors outside of the Corporation, which were not included in the initial design of variable compensation, and which are beyond the Corporation's control. Any such adjustments would be intended to ensure that compensation remains aligned with both performance and the appropriate level of risk.

**Compensation payout schedules must be sensitive to the time horizon of risks.**

- Both stock options and restricted share units only provide value to executives in the form of increased share prices over a time period that is at least one year from initial grant. Stock options fully vest after four years and restricted share units are fully paid out after three years. This supports the alignment of executive compensation with longer term shareholder value.

**The mix of cash, equity and other forms of compensation must be consistent with risk alignment.**

- At all levels, the Corporation's compensation program includes base salaries that are sufficiently competitive and not subject to performance risks. As the level of responsibility and the ability to directly influence the Corporation's results increases, the portion of variable compensation that is deferred and linked to both short and long term performance increases commensurately.

**Firms must disclose clear, comprehensive and timely information about their compensation practices to facilitate constructive engagement by all stakeholders.**

- The Corporation makes the required annual statutory and regulatory disclosures, as required by the Ontario Securities Commission and OSFI. The roles of the Board and its committees with respect to implementing, monitoring and adjusting its executive compensation practices are discussed in this Circular.

**Executive Compensation Components – 2017**

The Corporation's executive compensation program is intended to be market competitive with similar companies when the Corporation or the individual business units meet or exceed their respective annual goals. It is also possible for additional compensation to be awarded based on achievement of specific extraordinary projects or assignments.

For 2017, the compensation program targets for the NEOs and other executives were:

<b>Compensation component</b>	<b>CEO: Target % of total compensation</b>	<b>Other executives: Target % of total compensation</b>
Fixed compensation (base salary)	33.3%	50%
Variable compensation – short term incentive (cash bonus)	33.3%	25%
Variable compensation – mid to long term incentive (equity-based)	33.3%	25%

More detail regarding the components of the executive compensation program during 2017 is as follows:

**Fixed compensation: base salary**

Unless determined pursuant to individual employment agreements, the base salaries of the Corporation’s executive officers are evaluated annually by the GCRC Committee, with input from the VP, Human Resources. In evaluating appropriate pay levels and salary increases for the Corporation’s executives, the GCRC Committee considers achievement of the corporate and personal goals, level of responsibility, individual performance, internal equity and, where available, external pay practices.

**Variable compensation: short term and mid to long term incentives**

The variable components of executive compensation are designed to:

- incent the appropriate risk-management behaviors;
- increase recruitment and retention of key talent; and
- improve operating results.

The 50% target variable compensation component of the compensation plan for 2017 was allocated equally to short term incentives and mid to long term incentives, as shown above.

In 2017, in consideration of a more balanced approach to determining variable compensation payouts, performance weightings were introduced across the Company. The performance weightings are allocated between performance at the Corporate and Individual levels, with the allocation based on an individual’s ability to directly influence business results.

The 2017 weightings for the NEO’s were:

<b>Role</b>	<b>Corporate Weighting (%)</b>	<b>Individual Weighting (%)</b>
President and CEO	80	20
EVP and Chief Financial Officer	80	20
EVP and Chief Operating Officer	80	20
EVP, Capital Markets and Treasury	80	20
EVP and Chief Risk Officer	50	50

Corporate performance in 2017 was primarily measured through the Corporation’s adjusted net income as compared to its financial plan, while individual performance was related to individual goals and objectives. As adjusted net income for the Corporation was below expectations in 2017, most of the executives and employees received less than target variable compensation in 2017, with the exception of the President and CEO, Duncan Hannay, who had certain compensation guarantees provided in his employment contract.

The individual performance goals and objectives for each NEO are reviewed and approved by the GCRC Committee. Following each year-end the GCRC Committee reviews each NEO’s achievements against their performance goals and objectives and allocates incentive payments accordingly.

Notwithstanding the terms and conditions of the executive compensation program as detailed above, the GCRC Committee and the Board may authorize exceptions/clawbacks for individuals in order to reflect unusual events or circumstances.

### **Short Term Incentive**

The short term incentive consists of an annual cash bonus, designed to focus management attention on key operational and risk management goals for the current fiscal year.

As a transition method to the new compensation model in 2017, executives participating in the equity compensation plans, who were with the Corporation at the end of 2016, are entitled to an additional cash payment of 100% of their awarded cash bonus for 2017 and 2018. This is intended to bridge the gap from moving from the prior plan of variable pay being paid as 100% cash.

### **Mid to Long-Term Incentive**

The mid to long-term incentives consist of share based compensation.

Stock options offer the opportunity to purchase shares at the exercise price and vest in four tranches of 25% each, on the first through the fourth anniversaries of the grant date. They are intended to align the interests of the executives and shareholders for the achievement of sustained long-term performance and to attract and retain talent. In 2017, the value of stock options granted to executives was *not* affected by corporate or individual performance, and grants were at target.

Restricted Share Units (RSUs) pay the executive based on the share price at vesting date. The RSUs vest in three equal tranches, on the first through the third anniversaries of the grant date. They are intended to align the interests of the executives with shareholders to create shareholder value over the mid to long-term and to attract and retain talent. In 2017, the value of RSUs granted was affected by corporate and individual performance and the value of RSUs granted was below target.

The Corporation chooses to include share based compensation as a significant component of total compensation in order to incent executives to make long term decisions from the perspective of an owner or investor, and thereby increase the Corporation's value. The number of shares or share units covered by each grant is a reflection of the executive's level of responsibility, together with current or potential contributions to the Corporation's value. Previous grants are taken into consideration when considering new grants. Under the terms of the Corporation's stock option plan, no one individual may hold common stock options that would allow him or her to acquire more than 5% of the aggregate shares outstanding.

## 2017 Corporate Performance Compared to Strategic Goals

The Corporation's 2017 performance, as compared to its strategic goals, is shown below:

2017 Objectives	2017 Results or Status
Launch uninsured mortgage product, with \$150 to \$200 million in new originations in 2017.	Street Solutions originations totaled \$203.7 million.
Maintain broker market share at #4.	Market share was #5 for the year. <sup>(1)</sup>
Maintain renewal volumes of 75 – 80% of mortgages eligible for renewal.	Renewed 75% of eligible mortgages.
Build credit card capability and be ready to launch the product in 2018.	De-prioritized by management in Q3 2017.
Maintain credit quality, with serious arrears and early delinquency rates better than industry averages.	Serious arrears rate for prime mortgages of 0.08% compared to industry average of 0.22% for all types of mortgages in the markets in which the Corporation operates. <sup>(2)</sup>

(1) As measured by industry statistics.

(2) As measured by statistics from the Canadian Bankers Association.

## 2017 Operating Results Compared to 2016 Operating Results

Key components of the Corporation's operating results, as compared to the same items in 2016, are shown below:

Item	2017	2016
Adjusted EPS	\$0.06	\$0.13
Total revenue	\$60.17 million	\$68.27 million
Mortgages under administration	\$28.02 billion	\$27.70 billion

## Executive Compensation Plan – 2018

The broad objectives of the Corporation's current executive compensation plan will remain the same in 2018, with the intention that compensation remains market competitive with similar companies when the Corporation or the individual business units meet or exceed their respective annual goals.

For corporate performance, the executive team will primarily be measured on adjusted net income compared to the Corporation's financial plan, as achieved within adherence to the Bank's risk appetite. For individual performance, the executive team will be measured on attainment of their specific goals and objectives, which are aligned with the Corporation's key opportunity spaces over the next three years:

1. Diversifying and deepening on and off-balance sheet funding sources;
2. Unlocking addressable markets and focusing on growing higher margin products;
3. Improving the end-to-end experience for both consumers and our broker partners;
4. Modernizing our operating platform towards a lean, scalable operation; and
5. Driving higher customer renewal and retention rates.

### **Hedging of Equity-Based Compensation**

The Corporation's Code of Conduct and Ethical Behavior prohibits NEOs and directors from purchasing financial instruments designed to hedge or offset a decrease in the market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by the NEO or director.

### **Share based compensation**

The Corporation does not award common shares as a component of its compensation plans, and equity based compensation is limited to common stock options and RSUs. The issuance of new shares generally occurs upon the exercise of stock options or the conversion of deferred share units by retired directors. The primary exception to this occurred in 2015, when 20 million new shares were issued in connection with a corporate reorganization.

Shown below is the Corporation's "burn rate", defined as the number of options to purchase common shares granted each year, as a percentage of the weighted average number of issued and outstanding common shares for the relevant year.

<b>Burn rate</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Options granted as a percentage of weighted average shares outstanding	5.24% <sup>(1)</sup>	0.00% <sup>(2)</sup>	0.23%

(1) Includes 2,411,854 options granted during 2018 as a component of 2017 variable compensation

(2) No options were granted during 2016.

### **Stock option plans**

The Corporation has two stock option plans: the Director, Officer and Employee Stock Option Plan (the "**1992 Plan**") and the Amended and Restated 1997 Stock Option Plan (the "**1997 Plan**"). The 1997 Plan was last amended on February 27, 2018. The amendments included the addition of a claw back provision. Under this provision, if it is determined that an option holder engaged in an act of embezzlement, fraud, breach of fiduciary duty or any other misconduct that significantly contributed to an obligation to restate the Corporation's financial statements, the option holder may be required to repay the proceeds resulting from any sale or other disposition of shares related to option exercises. This amendment is designed to increase the alignment of the 1997 Plan's terms with the Corporation's risk appetite and long-term approach to building shareholder value. The amendments also included a change to the option exercise price, which was previously defined as the closing price of the Company's common shares on the day prior to the option grant date. The option exercise price has been redefined as the volume weighted average price of the Company's common shares on the five days prior to the option grant date. As detailed below under *Amendments to the Corporation's stock option plans*, these amendments did not require shareholder approval. These stock option plans are the only components of the Corporation's compensation plans that provide for the issuance of equity securities.

<b>Options at April 20, 2018</b>		
<b>Plan Name</b>	<b>Outstanding</b>	<b>Available for grant</b>
1992 Plan	-	53,000
1997 Plan	8,872,497	3,146,332

The number of common shares subject to issue under all share compensation plans is 9,019,087 as of April 20, 2018. This is comprised of the 8,872,497 outstanding options reported above, together with 146,590 shares issuable subject to the requirements of a Deferred Share Units Plan (the "DSU Plan") that was previously in effect for the Corporation's directors, and which is described under *Compensation of Directors*, below. The terms and conditions of the Corporation's stock option plans are summarized below:

	<b>1992 Plan</b>	<b>1997 Plan</b>
<b>Eligibility</b>	Directors, full-time operating officers and employees of the Corporation with at least one year of service to the Corporation, and any other person or company engaged to provide management services to the Corporation or an affiliate.	Directors, full-time operating officers and employees of the Corporation and certain of its affiliates, and any other person or company engaged to provide ongoing management or consulting services for the Corporation or an affiliate, as are designated by the 1997 Plan Administrators.
<b>Maximum option term</b>	Six years	Six years
<b>Exercise price</b>	The closing price of the shares on the TSX on the day immediately prior to the granting of such options.	The volume weighted average trading price of the Shares on the TSX for the five trading days immediately prior to the date on which an option is granted.
<b>Vesting</b>	20% on each of the first through the fifth anniversaries of the grant date, or as otherwise determined by the directors of the Corporation.	20% on the grant date, then 20% on each of the first through fourth anniversaries of the grant date, or as otherwise designated by the Administrators on the date of grant. <sup>(1)</sup>
<b>Exercise</b>	No option shall be exercisable more than six years from the date of grant. In the event of voluntary or involuntary termination of employment, including termination due to retirement, disability or death, and only to the extent that options have been vested at the date of termination, options may only be exercised before the earlier of the expiry of the option and 60 days from the date of termination (one year in the event of death).	No option shall be exercisable more than six years from the date of grant. In the event of voluntary or involuntary termination of employment, including termination due to retirement, disability or death, and only to the extent that options have been vested at the date of termination, options may only be exercised before the earlier of the expiry of the option and 60 days from the date of termination (one year in the event of death).
<b>Transfer</b>	Options may only be exercised by participants or, in the event of death, the legal representatives of their estate.	Options may only be exercised by participants or, in the event of death, the legal representatives of their estate.
<b>Maximum number of shares issuable</b>	2,700,000 shares, subject to certain adjustments, were originally issuable. Exercised options may not be returned to the pool. At December 31, 2017 and April 20, 2018, 53,000 options remained available for grant.	The aggregate number of shares issued under the 1997 Plan and all other share compensation arrangements is limited to 10% of the issued and outstanding common shares, subject to certain adjustments. In addition, no participant under the 1997 Plan may at any time hold options entitling him or her to acquire more than 5% of the aggregate number of shares outstanding on a non-diluted basis. Further, the aggregate number of common shares issued to insiders of the Corporation within any 12-month period, or issuable to insiders of the Corporation at any time, under the 1997 Plan and any other share compensation plan of the Corporation, may not exceed 10% of the total number of issued and outstanding common shares of the Corporation at such time.

- (1) In February 2018, stock options were granted to the Officers and senior managers of the Corporation as variable compensation for 2017, which will vest in four tranches of 25% each, on the first through the fourth anniversaries of the grant date.

### **Amendments to the Corporation's stock option plans**

Both the 1992 Plan and the 1997 Plan may be amended by resolution of the Board, provided that such amendment shall:

- (a) not adversely alter or impair any option previously granted except as permitted by the provisions of the Section entitled "Certain Adjustments" of each Plan;
- (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- (c) be subject to shareholder approval, where required by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:
  - (i) amendments of a "housekeeping nature";
  - (ii) a change to the vesting provisions of any option;
  - (iii) a change to the termination provisions of any option that does not entail an extension beyond the original expiration date;
  - (iv) the introduction of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
  - (v) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; and
  - (vi) a change to the eligible participants of the Plan.

Notwithstanding the foregoing, (a) under the 1992 Plan, the Corporation will be required to obtain the approval of the shareholders of the Corporation for any amendment related to (i) the number of shares issuable under the 1992 Plan, including an increase to a fixed maximum number of shares or a change from a fixed maximum number of shares to a fixed maximum percentage; (ii) a reduction in the exercise price for options held by insiders; and (iii) an extension to the term of options held by insiders, other than those under Section 10 of the 1992 Plan; and (b) under the 1997 Plan the Corporation will be required to obtain the approval of the shareholders of the Corporation for any amendment related to (i) the percentage of issued and outstanding common shares issuable under the 1997 Plan; (ii) a reduction in the exercise price for options held by insiders; (iii) an extension to the term of options held by insiders, other than those under Section 9 of the 1997 Plan; and (iv) the limitations in Section 7 and the amendment provisions in Section 23 of the 1997 Plan.

## Restricted Share Unit Plan

As part of variable compensation for 2017, the Corporation adopted an RSU plan, the material terms of which are detailed below.

	<b>Restricted Share Unit Plan</b>
<b>Eligibility</b>	Employees of the Corporation and its subsidiaries, as selected by the Plan Administrators.
<b>Maximum term</b>	Three years
<b>Grant Price</b>	The weighted average closing price of the Corporation's common shares on the TSX, or any other exchange upon which the common shares are traded if not traded on the TSX, for the five trading days immediately prior to the grant date.
<b>Vesting</b>	As determined by the Plan Administrators on the grant date. <sup>(1)</sup>
<b>Participation in Dividends</b>	Whenever cash dividends or distributions are paid on Common Shares, additional RSUs will be credited to such Participant's RSU Account. The number of such additional RSUs will be calculated by dividing (a) the aggregate dividends or distributions that would have been paid to such Participant if the RSUs in the Participant's RSU Account had been Common Shares by (b) the Value of a Common Share on the date on which the dividends or distributions were paid on the Common Shares.
<b>Redemption</b>	No sooner than 30 days after the Vesting Date, but no later than December 31 of the third calendar year following the Plan Year of the applicable RSUs, the Corporation shall make a payment of a lump sum cash amount.
<b>Claw Back Provision</b>	If the Administrators determine that a Participant engaged in an act of embezzlement, fraud, breach of fiduciary duty or any other misconduct which constitutes just cause for dismissal during the Participant's employment that significantly contributed to an obligation to restate the Corporation's financial statements, that Participant may be required to repay all or a portion of a RSU Payment, if the receipt of such RSU Payment occurred during the three year period following the first public issuance or filing with the Ontario Securities Commission (or its successor(s)) of the financial statements required to be restated.
<b>Transfer</b>	Redemption payments may only be made to Participants or, in the event of death, the legal representatives of their estate.

(1) In February 2018, RSUs were granted to certain officers and senior managers of the Corporation as variable compensation for 2017, which will vest and be paid out in three equal tranches, on the first through the third anniversaries of the grant date.

## Amendments to the Corporation's RSU plan

The Administrators may at any time and from time to time, without shareholder approval, amend any provision of the Plan, including, without limitation:

- (a) for the purpose of making formal, minor or technical modifications to any of the provisions of the Plan, including amendments of a "housekeeping" nature;
- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) to amend the vesting provisions of RSUs;
- (d) to change the termination provisions of RSUs or the Plan; or
- (e) any other amendment that does not require shareholder approval under applicable laws or the rules of the TSX;

provided, however, that no such act shall diminish any rights accrued in respect of grants of RSUs made prior to the effective date of such amendment.

## NEO Equity Ownership

The Board recognizes the requirement that senior management have a significant stake in the long term growth and success of the Corporation. Although the Corporation does not mandate share ownership targets for the majority of its ELT, except as disclosed below for Mr. Hannay, a majority of the NEOs (as well as other members of senior management) own a significant equity stake in the Corporation. While common share ownership is not related to compensation, the Corporation recognizes the material level of commitment that it represents, and that it promotes management's alignment with shareholders generally.

Shown below are the equity positions of the NEOs at the date of this Circular.

Name and Title	Common Shares Beneficially Owned, Directly or Indirectly, Controlled or Directed at April 20, 2018	Approximate Percentage of Outstanding Common Shares at April 20, 2018	Outstanding Common Stock Options at April 20, 2018	Outstanding Restricted Share Units at April 20, 2018
Duncan Hannay <i>President and Chief Executive Officer</i>	2,000,000 <sup>(1)</sup>	1.64%	2,788,452	359,513
Marissa Lauder, <i>Executive Vice President and Chief Financial Officer</i>	47,000	0.04%	544,820	19,358
R. Adam Levy, <i>Executive Vice-President and Chief Operating Officer</i>	1,306,683 <sup>(2)</sup>	1.07%	303,251	34,569
Gregory Parker, <i>Executive Vice-President, Treasury and Capital Markets</i>	-	-	901,625	69,137
Gary H. Taylor <i>Executive Vice President and Chief Risk Officer</i>	718,601 <sup>(2)</sup>	0.59%	212,276	24,198

- (1) As a condition of his employment with the Corporation, Mr. Hannay agreed to purchase 1,000,000 shares with his own capital. The Corporation financially assisted Mr. Hannay with the purchase of an additional 1,000,000 shares, as detailed under *Indebtedness of Directors and Executive Officers under Securities Purchase Plans and Other Programs*, below.
- (2) Mr. Levy and Mr. Taylor are prohibited from selling significant portions of the common shares that they own (Mr. Levy – 288,142; Mr. Taylor – 300,001) such that (i) 33% of such shares may be transferred on or after June 1, 2018; and (ii) 100% of such shares may be transferred on or after June 1, 2019.

## Executive Compensation – Related Fees

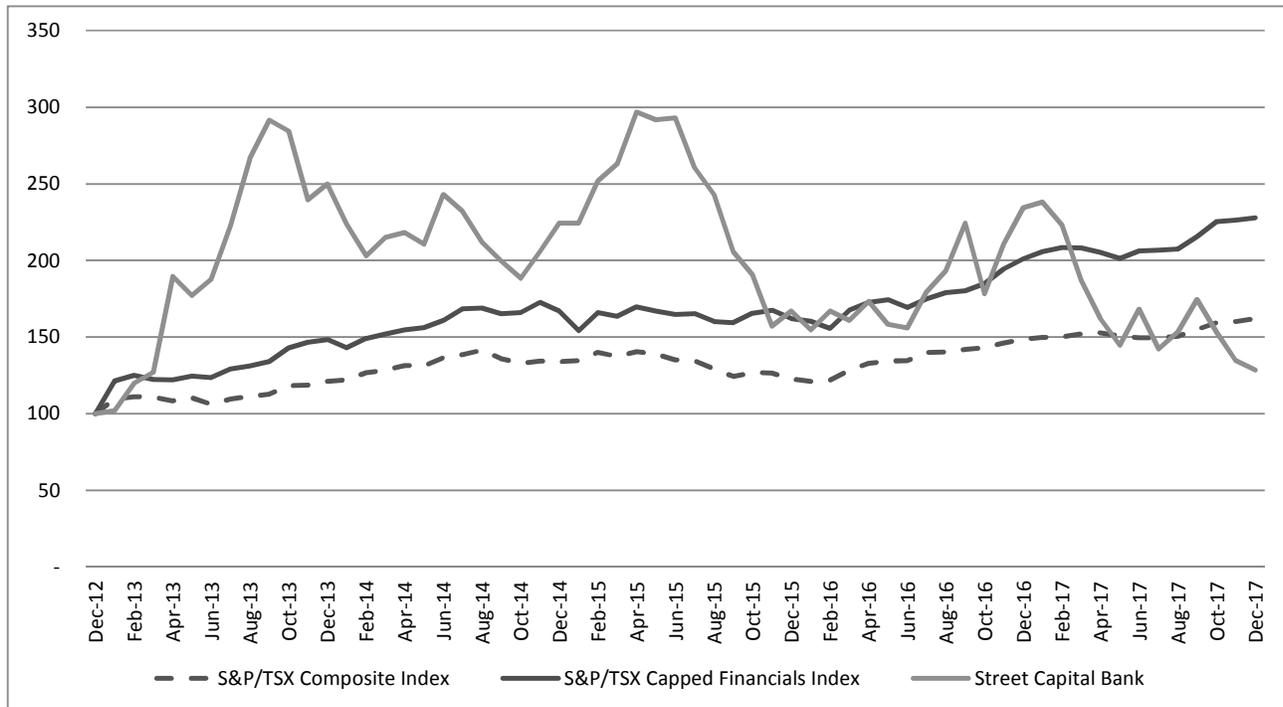
As discussed above under *Compensation Discussion and Analysis*, as part of its ongoing goal of aligning the Corporation's corporate governance framework with accepted best practices, in 2016 the GCRC Committee commenced a review of the Corporation's compensation practices and plans and engaged a third party compensation consulting firm, Mercer, to guide the GCRC Committee through this process.

The changes made to compensation practices, as pursuant to applicable laws, were outlined under *Compensation Discussion and Analysis*, above. The total fees dispersed to Mercer in 2017 were \$49,196 (\$194,459 in 2016). During 2018 Mercer was paid \$23,041 up to the date of this Circular.

### Shareholder Return Performance Graph

The following graph shows changes over the five-year period commencing December 31, 2012 and ending December 31, 2017 in the value of \$100 (assuming reinvestment of dividends) invested in (1) the Corporation’s common shares, (2) the S&P/TSX Composite Index, and (3) the S&P/TSX Capped Financials Index. The Corporation has chosen to present two indices due to its transition, over the period presented, from operating in multiple sectors to operating solely within the financial services sector.

With the redesign of the executive compensation plan for 2017, the Corporation expects that executive compensation will generally correlate to the trends in the share-price. Commensurate with the decline in the Corporation’s share price over the period from December 31, 2016 to December 31, 2017, the variable cash compensation of the NEOs also declined in 2017 compared to 2016. This excludes variable compensation paid to the CEO, due to the leadership change in the role and the resulting lack of direct comparability.



### Summary Compensation Table

The following table sets forth the compensation paid during the 2015, 2016 and 2017 financial years in respect of each of the NEOs during such year.

	Year	Salary (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity annual incentive plan compensation Annual incentive plans (\$)	All other compensation (\$) <sup>(3)</sup>	Total compensation (\$)
Duncan Hannay President and Chief Executive Officer	2017	216,667 <sup>(4)</sup>	325,072	1,552,400 <sup>(5)</sup>	650,000 <sup>(6)</sup>	184,473 <sup>(7)</sup>	2,928,612
W. Edward Gettings Former Chief Executive Officer (current Director) <sup>(8)</sup>	2017	316,667	-	-	-	971,776 <sup>(8)</sup>	1,288,443
	2016	475,000	-	-	308,750	39,464	823,214
	2015	475,000	-	-	475,000	53,392	1,003,392
Marissa Lauder Executive Vice President and Chief Financial Officer	2017	280,000	17,504	271,412 <sup>(9)</sup>	123,200 <sup>(15)</sup>	10,362	702,478
	2016	280,000	-	-	196,000	14,012	490,012
	2015	152,744 <sup>(10)</sup>	-	-	280,000	82,954 <sup>(11)</sup>	515,698
R. Adam Levy Executive Vice President and Chief Compliance Officer	2017	500,000	31,257	125,000 <sup>(12)</sup>	195,000 <sup>(15)</sup>	34,500	885,757
	2016	500,000	-	-	350,000	48,179	898,179
	2015	350,000	-	-	175,000	41,456	566,456
Gregory Parker Executive Vice President, Capital Markets and Treasury	2017	87,115 <sup>(13)</sup>	62,514	508,525 <sup>(14)</sup>	125,000	1,826	784,980
Gary H. Taylor Executive Vice President and Chief Risk Officer	2017	350,000	21,880	87,500 <sup>(12)</sup>	210,000 <sup>(15)</sup>	7,962	677,342
	2016	275,000	-	-	136,500	3,500	415,000
	2015	250,000	-	-	175,000	3,500	428,500

(1) This amount represents the grant date fair value of RSUs. The fair value of \$0.9042 was determined as the weighted average price of the Corporation's common shares for the five trading days prior to the grant date.

(2) This amount represents the grant date fair value of common stock options.

(3) This amount includes insurance premiums and employer matching of RRSP contributions for all of the NEOs with the exception of Mr. Hannay and Mr. Parker. For Mr. Hannay, Mr. Gettings, Mr. Levy and Mr. Parker this amount also includes car lease payments. For Mr. Gettings it also includes health spending account contributions.

(4) Mr. Hannay's employment with the Corporation commenced September 1, 2017. Mr. Hannay's base salary is \$650,000.

(5) As a condition of his employment with the Corporation, Mr. Hannay received 2,000,000 stock options with a grant date fair value of \$0.6137. The grant date fair value was determined using the Black-Scholes valuation model, assuming an exercise price of \$1.32, risk free rate of 1.68%, volatility of 49.5%, no dividends, and a term of 5.1 years. As variable compensation for 2017, Mr. Hannay also received 788,452 stock options with a

grant date fair value of \$0.4122. The grant date fair value was determined using the Black-Scholes valuation model, assuming an exercise price of \$0.90, risk free rate of 2.21%, volatility of 49.8%, no dividends, and a term of 5.1 years. Mr. Hannay's employment agreement with the Corporation specified that he would receive 100% of the equity portion of his variable compensation for fiscal 2017.

- (6) Mr. Hannay's employment agreement with the Corporation specifies that he would receive 100% of the cash portion of his variable compensation for fiscal 2017.
- (7) This amount includes \$158,539 associated with Mr. Hannay's expenses for relocation to Toronto upon assuming the role of President and CEO.
- (8) Mr. Gettings retired from the Corporation effective September 1, 2017, and received \$950,000 as his contractual retirement allowance.
- (9) As a one-time compensation adjustment, Ms. Lauder received 375,000 stock options with a grant date fair value of \$0.5371. The grant date fair value was determined using the Black-Scholes valuation model, assuming an exercise price of \$1.19, risk free rate of 1.80%, volatility of 48.9%, no dividends, and a term of 5.1 years. As variable compensation for 2017, Ms. Lauder also received 169,820 stock options with a grant date fair value of \$0.4122. The grant date fair value was determined using the Black-Scholes valuation model, assuming an exercise price of \$0.90, risk free rate of 2.21%, volatility of 49.8%, no dividends, and a term of 5.1 years.
- (10) Ms. Lauder's employment with the Corporation commenced June 15, 2015.
- (11) Ms. Lauder was paid a signing bonus of \$80,000.
- (12) The grant date fair value was determined using the Black-Scholes valuation model, assuming an exercise price of \$0.90, risk free rate of 2.21%, volatility of 49.8%, no dividends, and a term of 5.1 years.
- (13) Mr. Parker's employment with the Corporation commenced October 23, 2017. Mr. Parker's base salary is \$450,000.
- (14) As a condition of his employment with the Corporation, Mr. Parker received 750,000 stock options with a grant date fair value of \$0.5947. The grant date fair value was determined using the Black-Scholes valuation model, assuming an exercise price of \$1.23, risk free rate of 2.02%, volatility of 49.5%, no dividends, and a term of 5.1 years. As variable compensation for 2017, Mr. Parker also received 151,625 stock options with a grant date fair value of \$0.4122. The grant date fair value was determined using the Black-Scholes valuation model, assuming an exercise price of \$0.90, risk free rate of 2.21%, volatility of 49.8%, no dividends, and a term of 5.1 years.
- (15) These amounts include cash top-up amounts awarded as part of the transition provisions to the new executive compensation plan. For Ms. Lauder this amount is \$61,600, for Mr. Levy, this amount is \$97,500, and for Mr. Taylor this amount is \$110,000.

## ***Incentive Plan Awards***

### **Stock Options**

The following table sets out the value of unexercised options for each NEO as of December 31, 2017. The grant date fair value of the options held by Mr. Hannay, Ms. Lauder and Mr. Parker is reported on the *Summary Compensation Table*, above. No other NEO received an option grant during 2017; the remainder of the options reported on the Summary Compensation Table were awarded during 2018 as variable compensation for 2017.

Name	Outstanding Option-Based Awards			
	Number of Common Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$)
Duncan Hannay	2,000,000	1.32	September 25, 2023	-
Marissa Lauder	375,000	1.19	August 14, 2023	-
Gregory Parker	750,000	1.23	November 2, 2023	-

The following table sets out, for each NEO, the value of incentive plan awards which vested or were earned during the year ended December 31, 2017.

<b>Name</b>	<b>Options – Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan – Value Earned During the Year (\$)</b>
Duncan Hannay	12,000	650,000
W. Edward Gettings	-	-
Marissa Lauder	750	123,200
R. Adam Levy	-	195,000
Gregory Parker	7,500	125,000
Gary H. Taylor	-	210,000

The following table sets out, for each NEO, the amounts received upon the exercise of stock options during the year ended December 31, 2017. Mr. Hannay, Ms. Lauder and Mr. Parker did not exercise any options. Mr. Gettings did not hold any options.

<b>Name</b>	<b>Number of Shares Acquired on Exercise</b>	<b>Value Realized Upon Exercise (\$)</b>
R. Adam Levy	110,000	86,900
Gary H. Taylor	100,000	47,000

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

The following table sets out information relating to common shares issuable in connection with the Corporation's equity compensation plans at December 31, 2017.

<b>Plan Category</b>	<b>Number of Common Shares to be Issued Upon Exercise of Outstanding Options or Conversion of DSUs</b>	<b>Weighted-Average Exercise Price of Outstanding Options (\$)</b>	<b>Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by security holders	6,460,643	1.26	5,611,186
Equity compensation plans not approved by security holders	-	-	-
Former DSU plan	146,590	N/A	N/A
<b>Total</b>	<b>6,607,233</b>	<b>1.26</b>	<b>5,611,186</b>

### ***Employment Contracts, Termination Payments, and Change in Control***

Shown below is the target compensation for each NEO, inclusive of any changes introduced for 2018, together with the termination benefits payable in the event that the NEO is terminated without cause. The termination benefits outlined below would not be payable in the event that the employee was terminated for cause.

The Corporation's share based compensation plans have provisions for terminations that are not for cause. Vested stock options may be exercised within 60 days from the date of termination, or within one calendar year in the event of death of the employee. RSUs will vest on a pro-rata basis at the date of termination.

In the event of a change in control of the Corporation, all outstanding stock options vest and become available for exercise. With respect to RSUs, assuming the Corporation remained a publicly traded entity, the existing terms of the RSU plan continue to be in place. If a change of control resulted in the Corporation becoming a private entity, all RSUs vest at the date the change occurs, and up to one half of the associated value would be payable at the discretion of the RSU plan administrators or the new owners of the entity.

As of January 1, 2018:

<b>NEO</b>	<b>Base Salary</b>	<b>Target cash incentive</b>	<b>Target equity incentive</b>	<b>Termination benefits <sup>(1)</sup></b>
Duncan Hannay President and CEO	\$650,000	\$650,000	\$650,000 50% RSUs 50% stock options	24 months base salary, 24 months annual cash bonus (paid annually), pro-rated cash bonus for year of termination, vesting of equity incentive for year of termination, and 6 month continuation of employee benefits. Assuming that Mr. Hannay was terminated without cause at December 31, 2017, he would be entitled to a payment of \$3,250,000 and benefits with an approximate value of \$8,600. <sup>(2)</sup>
Marissa Lauder EVP and CFO	\$350,000	\$175,000	\$175,000 (50% RSUs; 50% stock options)	12 months base salary, and 6 month continuation of employee benefits. Assuming that Ms. Lauder was terminated without cause at December 31, 2017, she would be entitled to a payment of \$350,000 and benefits with an approximate value of \$7,100.
R. Adam Levy EVP and COO	\$500,000	\$250,000	\$250,000 (50% RSUs; 50% stock options)	2 times base salary and target bonus, and 6 month continuation of employee benefits. Assuming that Mr. Levy was terminated without cause at December 31, 2017, he would be entitled to a payment of \$2,000,000 and benefits with an approximate value of \$9,400. <sup>(2)</sup>
Gregory Parker EVP Capital Markets and Treasury	\$450,000	\$225,000	\$225,000 (50% RSUs; 50% stock options)	24 months base salary, 24 months annual cash bonus (paid annually), and 6 month continuation of employee benefits. Assuming that Mr. Parker was terminated without cause at December 31, 2017, he would be entitled to a payment of \$1,350,000 and benefits with an approximate value of \$10,140.
Gary H. Taylor EVP and CRO	\$350,000	\$175,000	\$175,000 (50% RSUs; 50% stock options)	1 month base salary for each year of completed service, up to a maximum of 18 months, and 6 month continuation of employee benefits. Assuming that Mr. Taylor was terminated without cause at December 31, 2017, he would be entitled to a payment of approximately \$445,000 and benefits with an approximate value of \$2,100. <sup>(2)</sup>

- (1) With respect to payment of the benefits outlined below, all of the NEOs are subject to a non-solicitation clause covering the period of their employment and the 12 months following. The clause prohibits the solicitation of the Corporation's business, clients and employees.
- (2) In addition to the non-solicitation clause, Mr. Hannay, Mr. Levy and Mr. Taylor are also subject to a non-compete clause covering the period of their employment and the 12 months following.

### **Compensation of Directors**

The following table sets out all amounts of compensation provided to the non-management directors in respect of the year ended December 31, 2017. Mr. Hannay, as a member of the Corporation's management, did not receive any additional compensation for his service as a director.

<b>Name</b>	<b>Position</b>	<b>Committee Membership</b>	<b>Fees Earned (\$)<sup>(1)</sup></b>	<b>Total Compensation (\$)</b>
Allan C. Silber	Chair	-	450,000 <sup>(2)</sup>	450,000
Ronald Appleby	-	Audit, GCRC	72,500	72,500
Tom Bermingham <sup>(3)</sup>	-	Audit, ERM	66,500	66,500
W. Edward Gettings <sup>(4)</sup>	-	-	18,667	18,667
Ron Lalonde <sup>(5)</sup>	Chair of ERM Committee	GCRC, ERM	100,000	100,000
Morris Perlis <sup>(6)</sup>	Chair of GCRC Committee	GCRC	82,222	82,222
Lea Ray	Chair of Audit Committee	Audit, ERM	106,000	106,000
Paul Vessey <sup>(7)</sup>	Retired (former Chair of GCRC Committee)	Audit, GCRC	40,455	40,455

- (1) All current members of the Board have also served as Street Capital Bank's board of directors since the first quarter of 2015, and hold the same positions on the Committees of both boards.
- (2) Mr. Silber was paid \$200,000 for additional services he provided during the Corporation's transition to a new President and CEO.
- (3) Mr. Bermingham was appointed a member of the Audit Committee upon Mr. Vessey's retirement from the Board.
- (4) Mr. Gettings retired as CEO effective September 1, 2017, but has continued to serve as a director. The compensation reported in this table relates solely to his service as a director. His compensation for serving as an officer is set out above in the Summary Compensation Table.
- (5) Mr. Lalonde was appointed a member of the GCRC Committee upon Mr. Vessey's retirement from the Board.
- (6) Mr. Perlis was appointed Chair of the GCRC Committee upon Mr. Vessey's retirement from the Board.
- (7) Mr. Vessey retired from the Board effective June 7, 2017.

The Corporation pays fees to directors who are not officers of the Corporation or its subsidiaries. The Chair of the Board is paid an annual retainer of \$250,000, and receives no additional compensation for meetings. The remaining Directors are paid an annual retainer of \$38,000. The Chair of the Audit Committee is paid an annual retainer of \$35,000 and the Chairs of both the GCRC Committee and the ERM Committee are paid \$20,000. The fees for both Board and Committee meetings are \$1,500 per meeting.

Directors may receive additional fees for services outside of acting as Directors. Directors may also receive fees for special committee work on an ad hoc basis. During 2017, Mr. Lalonde, Mr. Perlis and Mr. Gettings were appointed to a temporary Search Committee to recruit a successor to Company's former President and its former CEO, following the retirements of Mr. DaRocha and Mr. Gettings, with Mr. Lalonde acting as Committee Chair. Mr. Lalonde and Mr. Perlis were paid a total of \$21,000 in fees for this committee work; Mr. Gettings did not receive any compensation. During 2017 Mr. Silber

received \$200,000 for additional services during the Corporation's transition from its former President and CEO to Mr. Hannay.

Prior to 2015, a portion of director compensation was related to the Corporation's common stock. Beginning in March 2006, under the Corporation's DSU Plan, eligible directors received an annual grant of the number of deferred share units equal to \$20,000 divided by the closing price of the Corporation's common stock on the trading day immediately preceding the grant. Retiring directors were entitled to be paid for their units based on the closing price of the Corporation's common stock on the trading day immediately following retirement date. In June 2011, the Corporation ceased granting DSUs, but the outstanding DSUs retained their existing terms. Effective November 7, 2013, the DSU Plan was amended to provide for payment in common shares of the Corporation instead of cash. At both December 31, 2016 and 2017, there remained 146,590 DSUs outstanding, all of which are held by one current independent director. As of April 20, 2018, if the director holding these DSUs was to become entitled to payment under the DSU Plan, the DSUs would be converted into the same number of common shares.

Beginning in 2011, and ending in 2014, non-employee director compensation included a stock-based component that consisted of options to purchase common shares of the Corporation. Annually, the number of options that corresponded to a value of \$30,000 using the Black-Scholes option pricing model was granted to each director under the 1997 Plan. The options had an exercise price equal to the closing price of the Corporation's common stock on the last trading day prior to the date of grant, and vested 20% on the date of grant with the balance vesting in equal amounts at the beginning of each quarter for the next 11 quarters, with a six-year term.

### Stock Options

The following table sets out the value of unexercised options for each director as of December 31, 2017. Mr. Gettings, Ms. Ray, Mr. Lalonde and Mr. Bermingham do not hold any options.

Name	Outstanding Option-Based Awards			
	Number of Common Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$)
Allan C. Silber <sup>(1)</sup>	1,500,000	0.91	April 16, 2018 <sup>(2)</sup>	180,000
Duncan Hannay <sup>(3)</sup>	2,000,000	1.32	September 25, 2023	-
Morris Perlis <sup>(1)</sup>	265,000	1.70	December 9, 2020	-
Ronald Appleby <sup>(4)</sup>	48,444	0.87	July 1, 2018	7,751
	24,307	1.80	July 1, 2019	-
	26,205	1.95	July 1, 2020	-

(1) Mr. Silber and Mr. Perlis were granted these options in 2012 and 2014, respectively, as a component of their compensation as employees of the Corporation. Neither Mr. Silber nor Mr. Perlis have received any options in connection with their service as Directors of the Corporation.

(2) Mr. Silber's options expire during a blackout period for insider transactions involving the Corporation's shares. Under the terms of the 1997 Plan, the expiry date will be automatically extended to ten days following the end of the blackout period, which in this case will be May 24, 2018.

(3) Mr. Hannay received these options in 2017 as a component of his compensation as President and CEO of the Corporation.

(4) Mr. Appleby received these options in 2012, 2013 and 2014, respectively, under the terms of the director compensation plan that was in effect at the time and which is described above. Mr. Appleby exercised options and acquired 49,100 shares during 2017, realizing a value of \$14,239.

## Incentive compensation

No director, other than Mr. Hannay and Mr. Gettings, for whom such information is disclosed above in the *Summary Compensation Table*, earned any incentive compensation during the year ended December 31, 2017.

## INDEBTEDNESS

The aggregate indebtedness to the Corporation and its subsidiaries as at the date hereof, of all officers, directors and employees entered into in connection with a purchase of securities of the Corporation or any of its subsidiaries, excluding routine indebtedness, was \$3,676,119.

### **Indebtedness of Directors and Executive Officers under Securities Purchase Plans and Other Programs**

The following table sets forth information relating to the directors and executive officers, or former executive officers, of the Corporation, who are, or during the most recently completed financial year, were, indebted to the Corporation (other than routine indebtedness) or to any subsidiaries. During 2017 there were no material adjustments to the terms of the loans to Mr. Silber, Mr. Weintraub or Mr. Levy. The loan to Mr. Hannay was entered into in August 2017 and was not materially adjusted in 2017.

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2017 (\$)	Amount Outstanding as of April 20, 2018 (\$)	Financially Assisted Securities Purchased During 2017 (#)	Security for Indebtedness
<b>Securities Purchase Program:</b>					
ALLAN SILBER Chair of the Board and former Chief Executive Officer	Lender	1,500,000	1,500,000 <sup>(1)</sup>	NIL	300,000 common shares
STEPHEN WEINTRAUB Former Secretary and former Chief Financial Officer	Lender	411,559	411,559 <sup>(2)</sup>	NIL	162,500 common shares
<b>Other Programs:</b>					
DUNCAN HANNAY President and Chief Executive Officer	Lender	1,200,000	1,200,000	1,000,000	N/A <sup>(3)</sup>
R. ADAM LEVY Executive Vice-President and Chief Operating Officer	Lender	564,560	564,560	NIL	N/A <sup>(4)</sup>

- (1) Mr. Silber's securities purchase loan is non-interest bearing, is current, and is due on demand.
- (2) Mr. Weintraub's securities purchase loan is non-interest bearing and is due December 31, 2020.
- (3) The Corporation assisted Mr. Hannay with the purchase of common shares in order to satisfy an agreement between Mr. Hannay and the Corporation. The loan bears interest at 1% and is due December 31, 2019.
- (4) The Corporation assisted Mr. Levy with the purchase of common shares in order to satisfy an agreement between Mr. Levy and the Corporation. The costs associated with this agreement were included as part of the organizational realignment and share exchange completed by the Corporation in June 2015. The loan is non-interest bearing and is due June 30, 2018.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### **General**

The Corporation recognizes that the quality of its corporate governance practices is an important factor in maintaining the confidence of stakeholders as well as overall market confidence. The Board and senior management therefore strive to be aware of best practices related to corporate governance that are applicable to the Corporation's businesses, size and complexity, and to adopt such best practices, as appropriate.

The Corporation's approach to corporate governance is guided by the following core principles:

#### Integrity

The Board sets the ethical tone for the Corporation, and actively participates in the promotion of legal and regulatory compliance and appropriate standards of honesty, integrity and ethics throughout the organization.

#### Stewardship

The Board are the stewards of the Corporation, exercising independent judgment in supervising management and considering the perspectives of investors and regulators, among others.

#### Independence

An independent Board plays a crucial role in protecting the interests of stakeholders and maximizing the value they receive from their investment in the Corporation. The majority of directors on the Board are independent.

### **1. The Board of Directors**

#### **Board Composition and Independence**

The majority of the Board is independent from senior management. The Board's behaviour and decision-making process are objective and effective, taking into account the structure of the Corporation and Board member affiliations.

"Independence" is a core principle of the Corporation's governance policies and procedures. In the context of its governance policies and procedures, with a small Board and management structure, the Corporation understands "demonstrable independence" is a quality that is demonstrated through practices and behaviours, and not necessarily defined by employment relationships or affiliations. Where independence requirements are defined by statute, such as in respect of Board composition, the statutory requirement is observed.

The Board's ability to act independently of senior management is demonstrated through practices such as having regularly scheduled Board and Board committee meetings that include sessions without senior management present. It also includes separation of the roles of the Chair and CEO, for both the Corporation and Street Capital Bank.

The recruitment process for new directors and the development of a director profile (both responsibilities of the Board) emphasize the independence of Board members from senior management. The independence review also takes into consideration the specific shareholder/ownership structure of the Corporation. Where appropriate, director tenure will also be factored into the independence review.

A director is considered independent only where the Board affirmatively determines that the director has no material relationship with the Corporation, including as a partner, shareholder, or officer of an organization that has a material relationship with the Corporation. A "material relationship" is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment and includes an indirect material relationship. The Board will make a determination concerning the independence of a director each year at the time the Board approves director nominees at the Corporation's annual meeting, as well as at initial election to the Board.

The Board is currently comprised of eight individuals, four of whom are independent. Mr. Hannay is a related director as he is an officer of the Corporation. Mr. Gettings, Mr. Silber and Mr. Perlis are related directors as they were officers of the Corporation within the last three years. Mr. Silber and Mr. Perlis will be considered independent as of June 23, 2018. The term "independent" is as defined in Multilateral Instrument 52-110, Section 1.4. The current size of the Board, and the size of the Board as contemplated in this Circular, provide for effective participation by all directors.

Applicable securities laws and policies suggest that every board should have in place appropriate structures and procedures to ensure that it can function independently of management. In order to discharge its responsibilities effectively, the Board has established three committees from its membership: the Audit Committee, the GCRC Committee, and the Enterprise Risk Management ("**ERM**") Committee. The Audit Committee and the ERM Committee are comprised entirely of three independent directors, and the GCRC Committee is also comprised of three directors, two of whom are independent. This structure helps enable the Board to function independently of management. In addition, non-management Board members meet as required to discuss issues without the presence of management. The Board has the authority to retain and terminate external counsel, consultants or other advisors that it determines to be necessary to permit it to carry out its duties and to set the compensation of these advisors. The Corporation provides appropriate funding, as determined by the Board, for the services of these advisors.

During 2017, the independent directors held one meeting in the absence of both management and non-independent directors. During 2017 the non-management directors held an *in camera* session following each Board meeting, during which management was not present. The Audit Committee and the GCRC Committee also held *in camera* sessions following each respective Committee meeting, during which management was not present. The ERM Committee held *in camera* sessions with the CRO following each ERM Committee meeting, during which other members of management were not present. All of the committees and Committee Chairs have the opportunity to hold *in camera* sessions with selected members of senior management, including the Chief Internal Auditor, Chief Financial Officer, Chief Compliance Officer and Chief Risk Officer. The Audit Committee Chair held regular meetings throughout the year with the Chief Financial Officer, the Chief Internal Auditor, the Chief Compliance Officer and the Chief Anti-Money Laundering Officer.

The responsibility for shareholder communication and the disclosure policy of the Corporation has been delegated by the Board to senior management of the Corporation. Shareholder communication is generally handled by the Chief Financial Officer of the Corporation. The Corporation sends all of its annual and quarterly disclosure documents and financial statements to its registered shareholders and issues press releases with respect to material information of the Corporation. In addition, the Chief Financial Officer of the Corporation or another appropriate member of management will respond to any inquiries from shareholders. A copy of the Corporation's disclosure policy can be found at [www.streetcapital.ca](http://www.streetcapital.ca).

## **Board Committees**

### ***Audit Committee***

At the beginning of 2017, the Audit Committee was comprised of Lea Ray (Chair), Ronald Appleby and Paul Vessey, all of whom were considered independent directors as defined under National Instrument 52-110. Mr. Vessey did not stand for re-election at the June 7, 2017 Annual and Special Meeting (the "**2017 Meeting**"), and effective June 7, 2017 Tom Bermingham, an independent director, was

appointed to the Audit Committee to replace Mr. Vessey. There were no other changes to the Audit Committee membership during 2017. If the nominees described in this Circular are elected at the Meeting, it is expected that the Audit Committee will remain comprised of three independent directors.

Each member of the Audit Committee is financially literate.

The Audit Committee has the overall responsibility for performing the duties set out in the relevant legislation and regulations, for both the Corporation and Street Capital Bank, and to assist the Board in fulfilling its oversight responsibilities in relation to:

- The integrity of the Corporation's financial statements and financial reporting process
- The integrity of the Corporation's systems of internal accounting and financial controls
- The internal and external auditing, including the qualifications and independence of the outside auditor and the performance of the Corporation's internal audit function
- Fraud risk management
- Whistleblowing procedures
- Other Audit Committee functions as set forth in the Corporation's Audit Committee Mandate

The Audit Committee has unrestricted access to the Corporation's internal and independent auditors without the presence of management, and holds *in camera* sessions with the independent auditors at least quarterly, as part of its review of the Corporation's operating results. The Audit Committee operates pursuant to a written mandate that was approved and adopted by the Board on February 1, 2018. Further information regarding the Audit Committee is set forth in the Corporation's Annual Information Form under the heading "Audit Committee Information", which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Governance, Conduct Review and Compensation Committee**

At the beginning of 2017, the GCRC Committee was comprised of Paul Vessey (Chair), Ronald Appleby and Morris Perlis. Mr. Vessey and Mr. Appleby were considered independent directors as defined under National Instrument 52-110. Mr. Perlis, while independent of senior management of the Corporation, is not considered an independent director of the Corporation due to his previous role of Executive Vice Chairman from July 2009 to June 2015. The Corporation believes that, given Mr. Perlis' independence from senior management, this previous role in no way interferes with his exercise of independent judgement with respect to his duties on the Board generally and specifically with respect to those of the GCRC Committee.

Mr. Vessey did not stand for re-election at the 2017 Meeting, and effective June 7, 2017 Ron Lalonde, an independent director, was appointed to the GCRC Committee. At the same time, Mr. Perlis assumed the role of Committee Chair. If the nominees described in this Circular are elected at the Meeting, it is expected that the GCRC Committee will be comprised of three independent directors following Mr. Perlis assuming independent status effective June 23, 2018.

The GCRC Committee reviews the remuneration of the Corporation's officers and performs other functions described under *Compensation Discussion and Analysis* elsewhere in this Circular. The GCRC Committee also has the overall responsibility to assist the Board in fulfilling its oversight responsibilities in relation to:

- Transactions involving related parties, including compliance with the Corporation's Related Party Transactions and Conflicts of Interest Policy, and the Corporation's Outsourcing Policy
- The identification and resolution of conflicts of interest

- The use and disclosure of confidential information, including customer and employee information
- The Corporation's Corporate Governance Policy including its Code of Conduct and Ethical Behavior
- The Corporation's Regulatory and Legal Risk Management Framework
- Selected human resources policies to ensure alignment of senior management's activities and the Corporation's legislative and fiduciary responsibilities, including performance management and executive compensation
- Consumer protection measures and dealing with customer complaints, including the activities of the Corporation's Ombudsman
- The Corporation's internal and corporate governance practices and procedures
- Nomination of new directors

***Enterprise Risk Management Committee***

During 2017, the ERM Committee was comprised of Ron Lalonde (Chair), Tom Bermingham and Lea Ray, all of whom were independent directors. If the nominees described in this Circular are elected at the Meeting, it is expected that the ERM Committee will remain comprised of these three independent directors.

The ERM Committee has the overall responsibility for performing the duties set out in this mandate to assist the Board of Directors of the Bank in fulfilling its oversight responsibilities in relation to:

- the Bank's processes for:
  - managing credit risk
  - managing market, liquidity, and funding risks
  - managing operational risk
  - managing capital
  - identifying current and emerging risks
  - measuring and assessing risks, including developing a stress testing framework
  - developing and assessing the enterprise-wide risk framework
  - implementing the Bank's risk appetite framework
- the Bank's risk tolerance limits and its risk capacity (the Bank's risk appetite)
- the Bank's processes for managing and mitigating the risks of its business activities within those tolerance limits and the Bank's risk appetite framework
- the effectiveness of and adherence to internal risk management policies and procedures
- promotion of the achievement of the Bank's strategic and business objectives, while facilitating strong risk governance and alignment with regulatory expectations
- enabling the outcomes of risk-taking activities across the enterprise to be consistent with the Bank's objectives and risk appetite and to appropriately balance risk and reward

## Number of Board and Committee Meetings Held

The Board and its committees have a mandate to meet no less than four times during each financial year. The following table sets forth the number of Board and committee meetings held, and attendance by directors, for the year ended December 31, 2017:

Director	Board Meetings <sup>(1)</sup>	Audit Committee Meetings <sup>(2)</sup>	GCRC Committee Meetings	ERM Committee Meetings <sup>(2)</sup>	Search Committee Meetings <sup>(3)</sup>
Allan C. Silber	8/8	N/A	N/A	N/A	N/A
Duncan Hannay	3/8 <sup>(3)</sup>	N/A	N/A	N/A	N/A
Ronald Appleby	8/8	6/6	7/7	N/A	N/A
Tom Bermingham	8/8	3/6 <sup>(6)</sup>	N/A	5/5	N/A
W. Edward Gettings	8/8 <sup>(4)</sup>	N/A	N/A	N/A	6/6
Ron Lalonde	8/8	N/A	4/7 <sup>(7)</sup>	5/5	6/6
Morris Perlis	7/8	N/A	7/7	N/A	6/6
Lea Ray	8/8	6/6	N/A	5/5	N/A
Paul Vessey	3/8 <sup>(5)</sup>	4/6 <sup>(5)</sup>	3/7 <sup>(5)</sup>	N/A	N/A

1. In addition to the Board meetings reported in this table, during 2017 the Board also held two training sessions covering industry, statutory, fiduciary and OSFI updates.
2. In addition to the Audit and ERM Committee meetings reported in this table, during 2017 the Audit and ERM Committees held one joint meeting.
3. The Search Committee was a temporary committee formed in order to recruit a successor to the Company's former President and former CEO, who retired during the first and third quarters of 2017, respectively. Mr. Hannay was appointed President and CEO effective September 1, 2017.
4. Mr. Gettings retired as CEO effective September 1, 2017, but has continued to serve as a director.
5. Mr. Vessey retired from the Board effective June 7, 2017.
6. Mr. Bermingham was appointed a member of the Audit Committee upon Mr. Vessey's retirement from the Board.
7. Mr. Lalonde was appointed a member of the GCRC Committee upon Mr. Vessey's retirement from the Board.

## 2. Board Mandate

The mandate of the Board is included in Schedule A attached to this Circular.

The Board has statutory responsibility to manage or supervise the management of the business and affairs of the Corporation, subject to the provisions of the *Business Corporations Act* (Ontario), and the Board also has statutory responsibility to manage or supervise the management of the business and affairs of Street Capital Bank, subject to the provisions of the *Bank Act*. The Board has overall responsibility for providing direction, guidance and oversight across the Corporation. The Board may delegate some of its responsibilities to Board committees or senior management, as defined by the Board. Senior management has overall responsibility for the oversight and management of the Corporation on a day-to-day basis, within the authority delegated by the Board and the Corporation's CEO and in compliance with applicable laws and regulations.

Below is a summary of some of the most important activities undertaken by the Board:

- Review and approve the objectives and goals for the Corporation's business, and the strategies to be used to achieve these objectives and goals.

- Review and approve material strategic initiatives including, without limitation, significant new lines of business or product launches, significant portfolio transactions (acquisitions and dispositions), mergers and acquisitions.
- Promote a culture of integrity.
- Approve Street Capital Bank's risk appetite framework and the risk tolerance of Street Capital Bank.
- Oversee the Corporation's approach to corporate governance, including corporate governance principles and policies, establishing Board committees, setting expectations of directors, and undertaking regular evaluation of the Board, its committees and members, and the delegation of policies to senior management.
- Review and approve the Corporation's regulatory compliance framework and monitor its effectiveness.
- Review and approve the Corporation's overall internal control framework and monitor its effectiveness.
- Monitor the Corporation's progress towards its goals and the management of its business risks, and revise and alter strategies in light of changing circumstances.
- Actively supervise the selection, appointment, development, evaluation and compensation of the CEO and, where appropriate, other members of senior management, including the heads of the Corporation's oversight functions (Chief Financial Officer, Chief Operating Officer, Chief Internal Auditor, Chief Risk Officer and Chief Compliance Officer).
- Review and assess the contingency and long-term succession plans for the CEO and, where appropriate, senior management, including the heads of the Corporation's oversight functions.
- Oversee the integrity of the financial performance of the Corporation and report to its shareholders on a timely basis in accordance with generally accepted accounting principles.
- Review, with the CEO and President, all material litigation matters that affect the Corporation's financial statements.
- Assess the effectiveness of the Corporation's communications, including measures for receiving feedback from stakeholders.

The division of responsibility between the Board and management of the Corporation, including the CEO, is determined by the materiality of the decisions to be made regarding the business of the Corporation. All material decisions require Board approval.

### **3. Mandates**

The Board has developed mandates for the Chief Executive Officer and Chair of the Board. Duties for Chairs of the Board committees are included in each Committee's mandate. These mandates can be found at [www.streetcapital.ca](http://www.streetcapital.ca).

### **4. Orientation and Continuing Education.**

New directors are provided with an orientation binder containing materials relevant to the director's responsibilities, including details of the Corporation's organizational structure, the structure of the Board and its committees, position descriptions and corporate policies. Senior management presentations will familiarize new directors with the Corporation's strategic plans, its significant

financial, accounting and risk management issues, its compliance programs, its Code of Conduct and Ethical Behaviour, its principal officers, and its internal and independent auditors.

On an ongoing basis, directors receive presentations on various aspects of the Corporation's businesses and operations. Directors identify their continuing education needs through a variety of means, including discussions with senior management and at Board and committee meetings. To encourage directors to upgrade their expertise, the Corporation reimburses directors for their reasonable pre-approved expenses for attending education sessions.

## **5. Ethical Business Conduct**

On August 15, 2015, the Corporation adopted a new Code of Conduct and Ethical Behavior, which is updated as required, with the last update occurring in May 2017. The Board believes that senior management must create a culture of strong corporate governance, ethical business conduct and integrity throughout the organization. The Corporation's Code defines the behaviour that the Corporation expects of its employees, addresses many areas of business conduct, and provides a procedure for employees to raise concerns or questions regarding breaches of the Code and questionable audit or accounting matters. All employees and officers are expected to acknowledge on an annual basis that they understand, and are compliant with, the Code.

The Code addresses the following:

- (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;
- (b) protection and proper use of corporate assets and opportunities, including the use of information systems and social media;
- (c) confidentiality of corporate and personal information;
- (d) fair dealing with the Corporation's shareholders, customers, suppliers, competitors and employees;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

To ensure directors exercise independent judgement in considering transactions, agreements or decisions in respect of which a director or executive officer has declared a material personal interest (in accordance with relevant corporate law requirements), the Board follows a practice whereby any such board member must not cast a vote on any such matter.

The GCRC Committee is responsible for monitoring compliance with the Code. The Corporation's Audit Committee is responsible for the oversight of the Whistleblower Code. Any person can report complaints or concerns, which may be on an anonymous basis, arising from infractions of the Code by emailing the Chair of the Audit Committee (currently, Lea Ray).

The Code is available on the Corporation's website [www.streetcapital.ca](http://www.streetcapital.ca).

## **6. Nomination of Directors and Compensation**

The GCRC Committee is responsible for nominating new directors. Any director may nominate candidates for the Board and nominations are reviewed by the GCRC Committee and the Board.

The Board is responsible for recommending the new director nominees to the Corporation's shareholders for the next annual meeting of shareholders. In making its recommendations, the Board considers:

- any selection criteria approved by the Board from time to time, including the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- the competencies and skills that each existing director possesses;
- the competencies and skills each new nominee would bring to the Board; and
- any recommendations by individual directors, whether or not a member of the GCRC Committee.

The GCRC Committee also considers whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

Compensation of the Corporation's directors is described under *Compensation of Directors* elsewhere in this Circular.

Pursuant to a share purchase agreement dated May 13, 2015 (the "**Purchase Agreement**"), the Corporation has agreed that for so long as W. Edward Gettings continues to own at least 50% of the common shares issued to him pursuant to the Purchase Agreement, the Corporation will take all necessary action to ensure that Mr. Gettings will be nominated annually for election as a director of the Corporation, subject to any required regulatory approvals and applicable law.

## **7. Assessments**

The Board conducts, occasionally with the assistance of independent external advisors, an annual self-review and assessment of its performance in regards to the adequacy of policies and practices. This review is designed to assess the effectiveness of the Board, its Committees, and individual Directors (including the Chair) in carrying out their responsibilities. The most recent self-assessments for the Board and its Committees were completed during the third quarter of 2017.

## **8. Director Term Limits and Mechanisms of Board Renewal**

The Board has not established term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and, therefore, provide an increasing contribution to the Board as a whole.

As an alternative to term limits, the GCRC Committee reviews each director's continuation on the Board and committee membership every year. This allows each director the opportunity to confirm his or her desire to continue as a member of the Board and of any committees. This review allows the GCRC Committee to assess the continuing contributions of each director and, if appropriate, to recommend that a particular director step down from the Board.

## **9. Considerations, Policies and Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Board strongly supports the principle of boardroom diversity, of which gender is one important aspect. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments based on merit and against objective criteria, including diversity.

Given this aim, the Corporation does not have policies or targets relating to the representation of women on the Board or in senior management for reasons similar to not having a policy relating to term limits. While the Board recognizes the benefits of diversity, including gender diversity, on the Board and in senior management positions, it also is of the view that quotas or strict rules could limit the Board's ability to ensure that the overall composition of the Board and the management team meets the Corporation's needs. The Board therefore identifies and selects candidates based on a careful consideration and weighing of the criteria described above and any other relevant factors

(including without limitation an individual's expertise, qualifications, experience, background, personal characteristics and the needs of the Corporation at the time). Accordingly, in searches for new directors or officers, the Board considers the level of female representation and diversity on the Board and in senior management as one of a multitude of factors.

#### **10. Number of Women on the Board and in Executive Officer Positions**

The Corporation currently has one woman director (12.5%) on the Board. If the nominees described in this Circular are elected at the Meeting, it is expected that the Board will have two woman directors (22.2%). During 2017 there was one woman officer (20%) among the Corporation's executive officers.

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

The Corporation maintains liability insurance for directors and officers of the Corporation and its subsidiaries. The policy provides insurance for directors and officers of the Corporation and its subsidiaries in respect of losses arising from claims against them for certain of their acts, errors or omissions in their capacity as directors or officers. Additionally, the Corporation also is insured against any loss arising out of any liability that it may be required or permitted by law to pay to directors or officers in respect of such claims. The policy does not distinguish between the liability insurance for its directors and officers, the coverage being the same for both groups.

The policy limit for such insurance coverage is \$15 million in each policy year with no deductible for individual directors or officers and a deductible of \$100,000 for the Corporation per occurrence. The premium for the 12-month period ending December 1, 2018 was \$55,000, which was paid by Street Capital Bank. The premium is not allocated between the directors and officers as separate groups.

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

Other than as set forth elsewhere in this Circular, to the best of management's knowledge, no insider, proposed nominee for election to the Board, or any associate or affiliate of such insider or proposed nominee has had any material direct or indirect interest in any transaction with the Corporation since January 1, 2017, or in any proposed transaction, which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

The Corporation had a Normal Course Issuer Bid (the "NCIB") on the TSX which allowed for the purchase and cancellation of up to 2,430,636 common shares at market prices. A copy of the Corporation's Notice of Intention filed with the TSX can be found at [www.sedar.com](http://www.sedar.com) or by contacting the Corporation. The NCIB expired on March 22, 2018 and has not been renewed. Under the prior NCIB that commenced March 23, 2016 and expired on March 22, 2017, the Corporation purchased 630,132 common shares at a volume weighted average price of \$1.44.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Corporation's website, [www.streetcapital.ca](http://www.streetcapital.ca). In addition, the Corporation will provide to any person or company, upon receipt of a request by the Chief Financial Officer of the Corporation at 1 Yonge Street, Suite 2401, Toronto, Ontario, M5E 1E5, a copy of: (i) the most recent Annual Information Form, together with a copy of any document or pertinent pages of any document incorporated therein by reference; (ii) the consolidated comparative financial statements of the Corporation for its fiscal year ended December 31, 2017, and the report of its auditors thereon, along with Management's Discussion and Analysis ("MD&A"); (iii) interim financial statements released subsequent to the date hereof; and (iv) this Circular. Financial information is provided in the Corporation's comparative consolidated financial statements and MD&A.

By Order of the Board

/s/ Duncan Hannay

**Duncan Hannay**  
**President and CEO**  
**Street Capital Group Inc.**

May 1st, 2018

**SCHEDULE A**

**STREET CAPITAL GROUP INC.**

**BOARD OF DIRECTORS MANDATE – FULL BOARD**

**Effective February 1, 2018**

## Board of Directors Mandate

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### Purpose

To establish the roles and accountability of the Board of Directors (the “Board”) of Street Capital Group Inc. (“Street Capital Group”) and of Street Capital Bank of Canada (“Street Capital Bank”), and its affiliated entities (collectively referred to as , the “Company”).

The Board has statutory responsibility to manage or supervise the management of the business and affairs of Street Capital Group, subject to the provisions of the *Business Corporations Act* (Ontario) (the “OBCA”). The Board has statutory responsibility to manage or supervise the management of the business and affairs of Street Capital Bank, subject to the provisions of the *Bank Act* (the “Act”). The Board shall carry out the specific duties assigned to the Board by the OBCA in respect of Street Capital Group and the Act in respect of Street Capital Bank.

The Board has overall responsibility for providing direction, guidance and oversight across the Company. The Board may delegate some of its responsibilities to Board committees or Senior Management, as defined by the Board. Senior Management has overall responsibility for the oversight and management of the Company on a day-to-day basis, within the authority delegated by the Chief Executive Officer (“CEO”) of the Company and in compliance with applicable laws and regulations.

### Membership and Organization

#### **Membership**

The composition and organization of the Board, including the number, qualifications and remuneration of Directors, the number of meetings, Canadian residency requirements, quorum requirements, meeting procedures and notices of meetings as are established by applicable legislation and the by-laws of the Company.

The Board will have relevant industry and risk management expertise, skills, experience and perspective to enable it to fully understand the business of the Company and the risks undertaken by the Company. Prospective members of the Board shall be assessed in accordance with the Company’s Corporate Governance Policy (Assessment of Responsible Persons).

The Board will establish independence standards for Directors and at least annually, shall determine the independence of each Director in accordance with these standards. A majority of the members of the Board shall be independent in accordance with these standards.

#### **Term of Service**

The Board has not established term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Bank and its operations and, therefore, provide an increasing contribution to the Board as a whole.

As an alternative to term limits, the Governance, Conduct Review and Compensation Committee will review each Director’s continuation on the Board and committee membership every year. This will allow each Director the opportunity to confirm his or her desire to continue as a member of the Board and of any committees. This review

allows the Committee to assess the continuing contributions of each Director and, if appropriate, to recommend that a particular Director step down from the Board.

### **Representation of Women on the Board and in Senior Management**

The Board strongly supports the principle of boardroom diversity, of which gender is one important aspect. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments based on merit and against objective criteria, including diversity.

Given this aim, the Company does not have policies or targets relating to the representation of women on the Board or in senior management for similar reasons for not having a policy relating to term limits. While the Board recognizes the benefits of diversity, including gender diversity, on the Board and in senior management positions, it also is of the view that quotas or strict rules could limit the Board's ability to ensure that the overall composition of the Board and the management team meets the Company's needs. The Board therefore identifies and selects candidates based on a careful consideration and weighing of the criteria described above and any other relevant factors (including without limitation an individual's expertise, qualifications, experience, background, personal characteristics and the needs of the Company at the time). Accordingly, in searches for new directors or officers, the Board considers the level of female representation and diversity on the Board and in senior management as one of a multitude of factors.

### **Meetings, Attendance and Preparation**

The Board will meet no less than four times during each financial year. A quorum of the Board shall consist of a majority of the Directors, and a majority of Directors participating in any meeting shall be resident Canadians. Each meeting of the Board shall be followed by an in-camera meeting of independent Directors. Members of the Board are expected to attend meetings of the committee and to review related meeting materials in advance.

Directors may participate in meetings in person or by telephone or other electronic means. A Director participating by such means is deemed to be present at that meeting.

Notice of regularly scheduled meetings will be provided to the Board at least two days before the date of the meeting. The Board may invite such persons as deemed appropriate to attend its meetings and to take part in the discussions and considerations of the affairs of the Board.

Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary or his/her designate and subsequently presented to the Board for approval.

### **Responsibilities and Duties**

#### **Business Strategy**

The Board has the responsibility to participate in reviewing and approving the objectives and goals for the Company's business and the strategies to be used to achieve these objectives and goals. The Board is expected to review and approve:

1. annually, the Company's short-term and long-term enterprise-wide business objectives, overall long term strategy to deliver financial services to its customers, including the scope of the products and services offered and the distribution channels to be used, and plans (capital, financial, liquidity)

2. material strategic initiatives including, without limitation, significant new lines of business or product launches, significant portfolio transactions (acquisitions and dispositions), mergers and acquisitions
3. the Company's policies with respect to measuring the Company's performance against business objectives, strategies and plans
4. the annual budget as prepared by Senior Management

## **Risk Management**

The Board has the responsibility to approve:

1. the Company's internal control framework, used to manage the Company's significant risks
2. Street Capital Bank's risk appetite framework (which is discussed in the Bank's Enterprise Risk Management Policy) and risk tolerance of the Bank
3. the Company's external audit plan, including audit fees and the scope of the audit engagement
4. the Annual Funding Plan and Contingency Funding Plan as recommended by the Enterprise Risk Management Committee ("ERMC")
5. liquidity limits and targets

The Board has the responsibility to:

1. be aware of all material changes to the Company's business strategies or risk appetite and the limits within which individuals are authorized to act., and the Board has a duty to maintain a general understanding of the types of risks to which the Company is exposed and the techniques used to measure and manage those risks
2. assure itself that the risk management activities of the Company have sufficient independence, status, visibility and Board access, and are subject to periodic but no less than annual reviews
3. review systemic fraud issues and related remediation activities
4. understand and determining the nature and level of risk being taken by Street Capital Bank and how these risks relate to the level of individual and collective allowances
5. regularly review of appropriate information about the credit quality of the Company's portfolios on a timely basis and take action as warranted
6. review and approve the balance of the allowance for impairment, and where applicable approve any material divergences between established policies as documented and actual practice
7. provide Senior Management with the authority to further delegate its authority as appropriate

## **Corporate Governance**

The Board has the responsibility to oversee the Company's approach to corporate governance, including corporate governance principles and policies, establishing Board committees, setting expectations of Directors and undertaking regular evaluation of the Board, its committees, and its members, and delegation of policies to Senior Management.

## **Internal Control and Financial Reporting**

The Board has the responsibility to approve the Company's overall internal control framework and monitor its effectiveness. To monitor the Company's progress towards its goals and management of its business risks and to revise and alter strategies in light of changing circumstances, the Board shall receive timely and accurate reports, which capture the following information:

1. financial information analyzing actual operating results to forecasted results and current financial condition for the Company and by product line (when relevant)
2. commentary from Senior Management about the financial and legal information
3. respond to issues or deficiencies identified by Senior Management
4. audit report on the annual audited financial statements for their approval and all other external auditor reports, including their opinion on the adequacy of internal controls
5. reports on risk management corporate policies and practices, including compliance with approved corporate policies, to verify that the Company's risk management framework is appropriate and operating effectively
6. reports on other significant risks as deemed necessary
7. significant exceptions to corporate policies and internal controls, including the consequences of these exceptions within the Company, and the progress made to correct any deficiencies
8. annual report, providing negative assurance, on the status of the Company's compliance with its governing statute and regulations and, in respect of Street Capital Bank, the Office of the Superintendent of Financial Institutions ("OSFI") Guidelines, including the views and observations of OSFI
9. reports and recommendations of Board committees and obtain assurances that the Company is operating within an effective control framework

## **Organizational Structure**

The Board has the responsibility to review and approve the Company's organizational objectives, structure and controls at least annually.

## **Internal Oversight Functions**

The Board has the responsibility to:

1. approve the appointment of all executives who lead internal oversight functions
2. approve the mandates of the internal oversight functions, approve any major changes thereto, and regularly review the scope of the proposed activities of these internal functions
3. regularly review and determine that the heads of internal oversight functions are independent from the operations under review and free of influences that may affect their ability to perform their responsibilities objectively
4. ensure that the heads of internal oversight functions have unrestricted access to the Board and Board committees, including in camera meetings with the Board and Board committees
5. determine that the internal oversight functions have the authority, resources and budget required to perform their duties appropriately

6. determine that the remuneration provided to key individuals in the internal oversight functions adequately reflects the significance of the function and that incentives are not inconsistent with the roles and responsibilities as set out in their mandates
7. determine what Board structures for the Company's subsidiaries (as applicable), would best contribute to effective oversight of subsidiary operations and exercise adequate oversight of such subsidiaries to ensure that the parent Board can meet its responsibilities

### **External Supervision and Legal Requirements**

In carrying out the duties and responsibilities set out in this mandate, the Board shall manage the Company's (including the actions of any Board committee, management committee and Senior Management) the OBCA, CBCA and the *Securities Act* (Ontario) and its regulations and other applicable legislation. While Senior Management should have regular interaction with regulators with respect to the overall operations of the Company, the Board should ensure that regulators are promptly notified of substantive issues affecting the Company. The Board shall also manage Street Capital Bank's compliance with the Act, its regulations and applicable OSFI guidelines.

The Board will foster open communication with regulators to help promote mutual trust and confidence and will review results of supervisory work by applicable regulators. The Board will follow up as necessary on any significant recommendations or finding identified by regulators and will consider regulatory findings and reports in its ongoing oversight of the Company.

Street Capital Bank will notify OSFI of any potential changes to the members of the Board and Senior Management and any circumstances that may adversely affect the suitability of the Board members and Senior Management.

### **Succession Planning and Evaluation of Management Performance**

To determine that the Company has qualified and competent individuals to manage functions within the Company, the Board has the responsibility to:

1. actively supervise the selection, appointment, development, evaluation and compensation of the CEO and, where appropriate, other members of Senior Management, including the heads of the Company's oversight functions
2. oversee the annual performance review of the CEO and Senior Management and approve the annual performance targets for the CEO and Senior Management in accordance with corporate objectives
3. evaluate and approve compensation of the CEO and senior management team in a manner that is consistent with prudent incentives
4. provide the CEO, President and Senior Management with direction and advice
5. review and assess the contingency and long-term succession plans for the CEO and, where appropriate, Senior Management, including the heads of the Company's oversight functions

### **Regulatory and Legal Risk Management/Compliance Management**

The Board has the responsibility to, following review by the GCRCC:

1. review with the CEO & President an annual report on all material litigation matters that affect the Company's financial statements
2. confirm the appointment and the replacement of the Chief Compliance Officer
3. review the Regulatory Compliance Framework annually through approval of the policy and review of the compliance plans

4. review with the Chief Compliance Officer compliance gaps and their remediation
5. review with the Chief Compliance Officer regulatory reports and their disposition

### **Capital Management**

The Board has the responsibility to:

1. review and periodically assess policies and procedures established by Senior Management with respect to the Company's desired level of capital
2. review and periodically assess reports on the effectiveness of such policies and procedures of capital management strategies
3. consider capital management within the context of the risk management framework
4. approve capital limits and target
5. approve Street Capital Bank's capital plan
6. review, challenge, and approve Street Capital Bank's ICAAP
7. approve significant changes in capital and debt structure of the Company proposed by the CFO

### **Investments and Pledging**

The Board has the responsibility to:

1. review, at least annually, the securities portfolio management program and investment strategy
2. review the securities portfolio and any non-compliance with the Street Capital Bank's internal auditor on a scheduled basis no less than once per annum
3. review and approve the Pledging Policy based on the recommendation of the ERM
4. assure that the organizational structure, systems and procedures implemented by management include an adequate level of control to identify, measure and monitor the Street Capital Bank's collateral exposures
5. ensuring that the Chief Risk Officer and Asset Liability Committee have sufficient independence, status and visibility to enable them to effectively oversee the management of pledged assets
6. review reports and recommendations from management on the nature and extent of the Bank's pledging exposure as well as the procedures and controls in place to manage these risks in accordance with the Pledging policy
7. regularly review portfolio quality reports and takes action as warranted

### **External Auditor**

The Board has responsibility, following recommendation from the Audit Committee, to:

1. recommend a suitable nominee for appointment as external auditor
2. approve the external audit plan, including audit fees and the scope of the audit engagement
3. provide the external auditor with unrestricted access to the Board

### **Reporting and Disclosure**

The Board has the responsibility to oversee the integrity of the financial performance of the Company and report to its shareholders on a timely basis in accordance with generally accepted accounting principles, including the accounting requirements of OSFI based upon recommendations received from the Audit Committee. The Board

has the responsibility to assess the effectiveness of the Company's communications, including measures for receiving feedback from stakeholders.

The Board, or its designates, will approve all material disclosure items (e.g. annual and quarterly financial statements, management discussion and analysis, material press releases, annual information form, management proxy circular and any other public document that requires Board approval) prior to dissemination.

### **Promoting a Culture of Integrity**

The Board believes that Senior Management must create a culture of strong corporate governance, ethical business conduct and integrity throughout the organization. The Company's Code of Conduct and Ethical Behaviour (the "Code") addresses many areas of business conduct and provides a procedure for employees to raise concerns or questions regarding breaches of the Code and questionable audit or accounting matters.

### **Orientation and Continuing Education**

New Directors are provided with an orientation binder containing materials relevant to the Director's responsibilities including details of the Company's organizational structure, the structure of the Board and its Committees, position descriptions and corporate policies. Senior Management presentations will familiarize new Directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct and Ethical Behaviour, its principal officers, and its internal and independent auditors.

On an ongoing basis, Directors receive presentations on various aspects of the Company's businesses and operations. Directors identify their continuing education needs through a variety of means including discussions with Senior Management and at Board and Committee meetings. To encourage Directors to upgrade their expertise, the Company reimburses Directors for their reasonable pre-approved expenses for attending education sessions.

Directors are required to advise the Chairman of the Board before accepting any invitation to serve on another Board and to provide sufficient opportunity and information to determine if the Director who proposes to accept a new directorship remains independent under the Company's policies. Service on boards and/or committees of other organizations shall comply with the Company's conflict of interest policies.

### **Board Functioning**

The Board as required shall:

1. recommend issues to discuss at Board and committee meetings
2. review the mandates of the Board, the Chair of the Board, Board committees and Senior Management positions and provide recommendations for change as deemed necessary
3. monitor the Board's relationship with Senior Management, including reporting standards and information provided to Directors and request improvements as deemed necessary
4. review periodically, but at least annually, the by-laws of the Company to determine if any amendments are required
5. periodically review compensation for the Directors

## **Reports**

The Audit Committee, Enterprise Risk Management Committee, and Governance, Conduct Review and Compensation Committee will report the proceedings of their respective meetings and all recommendations made by the committee at the next meeting of the Board. In urgent matters, where time is of the essence, the committee report will be communicated to the Board immediately.

## **Access to Management and Outside Advisors**

The Board shall have unrestricted access to management of the Company and to any and all books and records of the Company necessary for the execution of the Board's obligations. The Board has the authority to retain and terminate external counsel, consultants or other advisors that it determines to be necessary to permit it to carry out its or its Committee's duties and to set the compensation of these advisors. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

## **Annual Review and Assessment**

The Board shall conduct an annual self-review and assessment of its performance in regards to the adequacy of policies and practices, occasionally with the assistance of independent external advisors, to regularly assess the effectiveness of the Board, its committees, and individual Directors (including the Chair) in carrying out their responsibilities.

## **Mandate Review**

This mandate will be reviewed and approved by the Board at least annually.

**SCHEDULE B**  
**STREET CAPITAL GROUP INC.**  
**BY-LAW NO. 1**

# **BY-LAW NO. 1**

*Business Corporations Act (Ontario)*

**A by-law relating generally to the regulation of the business and affairs of**

**Street Capital Group Inc.**  
**(the “Corporation”)**

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## SECTION I DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this by-law and in all other by-laws of the Corporation, unless the context otherwise requires:

“**Act**” means the *Business Corporations Act* (Ontario) as amended or re-enacted from time to time and includes the regulations made pursuant thereto.

“**board**” means the board of directors of the Corporation.

“**by-laws**” means all by-laws of the Corporation.

“**director**” means a director of the Corporation.

“**non-business day**” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario).

“**number of directors**” means the number of directors provided for in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors determined by a special resolution or resolution of the board where it is empowered by special resolution to determine the number of directors.

### 1.2 Certain Rules of Interpretation

- (a) All terms used in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act.
- (b) In all by-laws, the singular shall include the plural and the plural shall include the singular and words in one gender include all genders.
- (c) Headings used in the by-laws are for convenience of reference only and shall not affect the construction or interpretation of the by-laws.
- (d) If any of the provisions contained in this by-law are inconsistent with those contained in the articles or a unanimous shareholder agreement, the provisions contained in the articles or unanimous shareholder agreement, as the case may be, shall prevail.

## SECTION II DIRECTORS

### 2.1 Quorum

The quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors. If, however, the Corporation has fewer than three directors, all directors must be present at any meeting of the board to constitute a quorum.

## **2.2 Qualification**

No person shall be qualified for election as a director if that person: (a) is less than 18 years of age; (b) has been found under the *Substitute Decisions Act, 1992* (Ontario) or under the *Mental Health Act* (Ontario) to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere; (c) is not an individual; or (d) has the status of a bankrupt. A director need not be a shareholder. At least 25% of the directors shall be resident Canadians. However, if the Corporation has fewer than four directors, at least one director shall be a resident Canadian.

## **2.3 Election and Term**

The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders. A director not elected for an expressly stated term shall cease to hold office at the close of the first annual meeting following election or appointment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

## **2.4 Removal of Directors**

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at an annual or special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by the directors.

## **2.5 Vacation of Office**

A director ceases to hold office when that director: (a) dies; (b) is removed from office by the shareholders; or (c) ceases to be qualified for election as a director. A director who resigns ceases to hold office when that director's written resignation is received by the Corporation or, if a time is specified in such resignation, at the time so specified, whichever is later. Until the first meeting of shareholders, the resignation of a director named in the articles shall not be effective unless at the time the resignation is to become effective a successor has been elected or appointed.

## **2.6 Vacancies**

- (a) Subject to the provisions of the Act, if a quorum of the board remains in office, the board may fill a vacancy in the board, except a vacancy resulting from:
  - (i) an increase in the number of directors otherwise than in accordance with section 2.6(b), or in the maximum number of directors;
  - (ii) a failure to elect the number of directors required to be elected at any meeting of the shareholders;
- (b) Where the directors are empowered to determine the number of directors the directors may not, between meetings of shareholders, appoint an additional director if, after such appointment, the total number of directors would be greater

than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders.

- (c) In the absence of a quorum of the board, or if the board is not permitted to fill such vacancy, the board shall forthwith call a special meeting of shareholders to fill the vacancy. If the board fails to call such meeting or if there are no directors then in office, then any shareholder may call the meeting.

## **2.7 Remuneration and Expenses**

The directors shall be paid such remuneration for their services as the board may from time to time determine and shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing in this by-law shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

## **SECTION III MEETINGS OF DIRECTORS**

### **3.1 Meetings by Telephone, Electronic or Other Communication Facility**

If all the directors present at or participating in the meeting consent, any or all of the directors may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and any director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

### **3.2 Place of Meetings**

Meetings of the board may be held at any place within or outside Ontario. In any financial year of the Corporation, a majority of the meetings of the board need not be held within Canada.

### **3.3 Calling of Meetings**

Meetings of the board may be convened at any time by the chair, the chief executive officer, the president or any two directors upon notice given to all directors in accordance with section 3.4.

### **3.4 Notice of Meeting**

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 12.1 to each director: (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed; or (b) not less than 24 hours before the time the meeting is to be held if the notice is given personally or is delivered or is sent by any means of transmitted or recorded communication or as an electronic document.

### **3.5 Waiver of Notice**

A director may in any manner and at any time waive notice of or otherwise consent to a meeting of the board, including by sending an electronic document to that effect. Attendance of a director at a meeting of the board shall constitute a waiver of notice of that meeting, except where a director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been properly called.

### **3.6 First Meeting of New Board**

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

### **3.7 Adjourned Meeting**

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

### **3.8 Regular Meetings**

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the nature of the business to be transacted to be specified.

### **3.9 Chair of Meetings of the Board**

The chair of any meeting of the board shall be a director and the chair of the board, and if no such officer has been appointed the chair of such meeting shall be the chief executive officer, and if neither of such offices have been appointed, shall be the president or a vice-president or the secretary (in that order of seniority). If no such officers are present and willing to serve, the directors present shall choose one of their own to be chair of such meeting of the board.

### **3.10 Votes to Govern**

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

### **3.11 One Director Meeting**

Where the board consists of only one director, that director may constitute a meeting.

### **3.12 Resolution in Writing**

A resolution in writing signed by all of the directors is as valid as if it had been passed at a meeting of the directors.

## **SECTION IV COMMITTEES**

### **4.1 Committees of Directors**

The board may appoint from their number one or more committees of the board, however designated, and delegate to such committee any of the powers of the board except those which, under the Act, a committee of the board has no authority to exercise.

### **4.2 Audit Committee**

If the Corporation is an offering corporation the board shall, and otherwise the board may, constitute an audit committee composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates, and who shall hold office until the next annual meeting of shareholders. The audit committee shall have the powers and duties provided in the Act.

### **4.3 Transaction of Business**

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

### **4.4 Procedure**

Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure. To the extent that the board or the committee does not establish rules to regulate the procedure of the committee, the provisions of this by-law applicable to meetings of the board shall apply *mutatis mutandis*.

## **SECTION V OFFICERS**

### **5.1 Appointment**

The board may designate the offices of the Corporation and from time to time appoint a chair of the board, chief executive officer, president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. One person may hold more than one office and, except for the chair of the board, an officer need not be a director.

## **5.2 Chair of the Board**

If appointed, the chair of the board may be assigned by the board any of the powers and duties that are by any provisions of this by-law assigned to the chief executive officer or to the president and, subject to the provisions of the Act, such other powers and duties as the board may specify. The chair of the board shall, when present, preside at all meetings of the board and shareholders.

## **5.3 Chief Executive Officer**

If appointed, the chief executive officer, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation. The chief executive officer shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the chief executive officer shall also have the powers and duties of that office.

## **5.4 President**

If appointed, the president shall have general supervision of the business and affairs of the Corporation, subject to the direction and authority of the board, the chair of the board and the chief executive officer, and shall have such other powers and duties as the board may specify. During the absence or disability of the chief executive officer, or if no chief executive officer has been appointed, the president shall also have the powers and duties of that office. In the absence of the appointment of a chief executive officer or the designation of the chair of the board as such, the president shall be the chief executive officer of the Corporation.

## **5.5 Vice-President**

If appointed, the vice-president, or if more than one, the vice-presidents, in order of seniority as designated by the board, shall be vested with all the powers and perform all the duties of the president in the president's absence, inability or refusal to act, except that a vice-president shall not preside at any meeting of the directors unless appointed to do so by the board. A vice-president shall have such powers and duties as the board or the chief executive officer may specify.

## **5.6 Secretary**

If appointed, the secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all such proceedings. The secretary shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers and auditors. The secretary shall be the custodian of all books and records of the Corporation, except when some other officer or agent has been appointed for that purpose. The secretary shall have such other powers and duties as the board or the chief executive officer may specify.

### **5.7 Treasurer**

If appointed, the treasurer shall keep or cause to be kept proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. The treasurer shall render to the board whenever required an account of all transactions undertaken as treasurer and of the financial position of the Corporation and shall have such other powers and duties as the board or the chief executive officer may specify.

### **5.8 Powers and Duties of Other Officers**

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

### **5.9 Variation of Powers and Duties**

Subject to the provisions of the Act, the board may from time to time vary, add to or limit the powers and duties of any officer.

### **5.10 Term of Office**

The board, in its discretion, may remove any officer of the Corporation without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the board shall hold office until a successor is appointed, except that the term of office of the chair of the board shall expire when the holder thereof ceases to be a director.

### **5.11 Agents and Attorneys**

The board shall have the power from time to time to appoint agents or attorneys for the Corporation in or out of Ontario with such powers of management or otherwise (including the power to sub-delegate) as the board may determine.

### **5.12 Fidelity Bonds**

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their duties in such form and with such surety as the board may from time to time prescribe.

## **SECTION VI PROTECTION OF DIRECTORS AND OFFICERS**

### **6.1 Limitation of Liability**

No director or officer of the Corporation shall be liable for the acts or omissions of any other director, officer, employee or agent of the Corporation, or for any costs, charges or expenses of the Corporation resulting from any deficiency of title to any property acquired for or on behalf of

the Corporation, or for the insufficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from bankruptcy or insolvency, or in respect of any tortious acts of or relating to the Corporation or any other director, officer, employee or agent of the Corporation, or for any loss occasioned by an error of judgment or oversight on the part of any other director, officer, employee or agent of the Corporation, or for any other costs, charges or expenses of the Corporation occurring in connection with the execution of the duties of the director or officer, unless such costs, charges or expenses are incurred as a result of such person's own wilful neglect, default or negligence. Nothing in this by-law, however, shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach of the Act.

## **6.2 Indemnity**

Subject to the Act, the Corporation shall indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation, or other entity, if such individual (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful. The Corporation shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in this Section. The individual shall repay the moneys if the individual does not fulfil the conditions of this section 6.2.

## **6.3 Insurance**

The Corporation shall purchase and maintain insurance in a minimum amount to be established by the Corporation's board from time to time for the benefit of any individual referred to in section 6.2 against any liability incurred by the individual in his or her capacity as a director or officer of the Corporation, or in his or her capacity as a director or officer, or a similar capacity, of another entity or acted in that capacity at the Corporation's request.

# **SECTION VII MEETINGS OF SHAREHOLDERS**

## **7.1 Annual Meetings**

The annual meeting of shareholders shall be held at such time in each year and, subject to section 7.3, at such place as the board, may from time to time determine for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix

their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

## **7.2 Special Meetings**

Special meetings of shareholders for any purpose or purposes shall be called pursuant to a resolution approved by the board or requisition by shareholders in accordance with the Act.

## **7.3 Meetings by Telephone, Electronic or Other Communication Facility**

Any person entitled to attend a meeting of shareholders may participate in the meeting, to the extent and in the manner permitted by law, by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting. The directors or the shareholders of the Corporation who call a meeting of shareholders pursuant to the Act may determine that the meeting shall be held, to the extent and in the manner permitted by law, entirely by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

## **7.4 Notice of Meetings**

Notice of the time and place of each meeting of shareholders (and of each meeting of shareholders adjourned for an aggregate of 30 days or more) shall be given in the manner provided in section 12.1 not less than 10 days (or such lesser number of days then required under the Act or any other applicable legislation, regulation or administrative policy), unless the Corporation is an offering corporation in which case not less than 21 days or, in either case, not more than 50 days before the date of the meeting, to each director, to the auditor of the Corporation and to each shareholder entitled to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit a shareholder to form a reasoned judgment thereon and shall state the text of any special resolution or by-law to be submitted to the meeting.

## **7.5 List of Shareholders Entitled to Notice**

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 7.6, the shareholders listed shall be those registered at the close of business on the record date and such list shall be prepared not later than 10 days after such record date. If no record date is fixed, the list shall be prepared at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held and shall list all shareholders registered at such time. The list shall be available for examination by any shareholder during usual business hours at the

registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting is held.

#### **7.6 Record Date for Notice**

The board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than 7 days before such record date in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given.

#### **7.7 Meetings Without Notice**

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of or otherwise consent to a meeting of shareholders. Attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where that person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.

#### **7.8 Chair, Secretary and Scrutineers**

The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting and willing to serve: chair of the board, chief executive officer, president or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

#### **7.9 Conduct of Meetings**

The chair of any meeting of shareholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the board or prescribed by the chair of the meeting, may include: (a) establishing an agenda or order of business for the meeting; (b) determining when the polls shall open and close for any given matter to be voted on at the meeting; (c) rules and procedures for maintaining order at the meeting and the safety of those present; (d) subject to section 7.10, limiting attendance at or participation in the meeting to registered shareholders of the Corporation, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (e) restricting entry to the meeting after the time fixed for the commencement thereof; and (f) limiting the time allotted for participants' questions or comments.

### **7.10 Persons Entitled to be Present**

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to vote at that meeting, the directors and auditor of the Corporation, and others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

### **7.11 Quorum**

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons entitled to vote at such meeting, whether present in person or represented by proxy, holding or representing the holder or holders of shares carrying not less than twenty-five percent (25%) of the total number of votes attaching to the issued shares of the Corporation.

### **7.12 Entitlement to Vote**

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders every person who is named in the shareholders list prepared pursuant to section 7.5 shall be entitled to vote the shares shown thereon opposite the name of that person at the meeting to which the shareholder list relates.

### **7.13 Proxies**

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or by the attorney of the shareholder or shall be an electronic document with an electronic signature and shall conform with the requirements of the Act.

### **7.14 Time for Deposit of Proxies**

The board may by resolution and specified in a notice calling a meeting of shareholders fix a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the secretary of the Corporation or by the chair of the meeting or any adjournment thereof prior to the time of voting.

### **7.15 Joint Shareholders**

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

### **7.16 Votes to Govern**

At any meeting of shareholders every question shall, unless otherwise required by law, be determined by the majority of the votes cast on the question. In the case of an equality of votes either upon a show of hands or upon a ballot, the chair of the meeting shall not be entitled to a second or casting vote.

### **7.17 Show of Hands**

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded by electronic means or otherwise. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded by electronic means or otherwise, a declaration by the chair of the meeting as to the result of the vote upon the question and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of such question, and the result of the vote so taken shall be the decision of the shareholders upon such question.

### **7.18 Ballots**

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may demand a ballot. A ballot so demanded shall be taken in such manner as the chair shall direct, which manner shall permit a shareholder or proxyholder participating in the meeting electronically to cast a ballot. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of the ballot so taken shall be the decision of the shareholders upon the question.

### **7.19 Voting While Participating Electronically**

Any person participating in a meeting of shareholders by electronic means as provided in section 7.3 and entitled to vote at that meeting may vote, to the extent and in the manner permitted by law, partly or entirely by means of the telephone, electronic or other communication facility that the Corporation has made available for that purpose.

### **7.20 Resolution in Writing**

A resolution in writing signed by all of the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

## **SECTION VIII SECURITIES**

### **8.1 Registration of Transfer**

Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by that holder's attorney or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 8.3.

### **8.2 Transfer Agents and Registrars**

The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

### **8.3 Lien on Shares**

The Corporation has a lien on any share or shares registered in the name of a shareholder or the legal representative of that shareholder for any debt of that shareholder to the Corporation.

### **8.4 Enforcement of Lien**

The lien referred to in section 8.3 may be enforced by any means permitted by law and:

- (a) where the share or shares are redeemable pursuant to the articles of the Corporation, by redeeming such share or shares and applying the redemption price to the debt;
- (b) subject to the Act, by purchasing the share or shares for cancellation for a price equal to the book value of such share or shares and applying the proceeds to the debt;
- (c) by selling the share or shares to any third party whether or not such party is at arm's length to the Corporation, and including without limitation any officer or director of the Corporation, for the best price which the directors consider to be obtainable for such share or shares; or
- (d) by refusing to register a transfer of such share or shares until the debt is paid.

## **8.5 Security Certificates**

Subject to section 8.6, every registered holder of securities of the Corporation shall be entitled, at that holder's option, to a security certificate, or to a non-transferable written acknowledgement of the right to obtain a security certificate, stating the number and designation, class or series of securities held by that holder as shown on the securities register. Security certificates and acknowledgements of a security holder's right to a security certificate, respectively, shall be in such form as the board shall from time to time approve. Any security certificate shall be signed in accordance with section 11.1. A security certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of the transfer agent and/or registrar. Any additional signatures required may be printed or otherwise mechanically reproduced. A security certificate executed as aforesaid shall be valid notwithstanding that one of the directors or officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

## **8.6 Replacement of Security Certificates**

The board, any officer or any agent designated by the board has the discretion to direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated. In the case of a security certificate claimed to have been lost, destroyed or wrongfully taken, the board, any officer or any agent designated by the board shall issue a substitute security certificate if so requested before the Corporation has notice that the security has been acquired by a bona fide purchaser. The issuance of the substitute security certificate shall be on such reasonable terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board or the officer or the agent designated by the board responsible for such issuance may from time to time prescribe, whether generally or in any particular case.

## **8.7 Uncertificated Securities**

Unless otherwise provided in the articles of the Corporation, the board may provide by resolution that any or all classes and series of shares or other securities shall be uncertificated securities, provided that such resolution shall not apply to securities represented by a certificate until such certificate is surrendered to the Corporation.

## **8.8 Joint Shareholders**

- (a) If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.
- (b) Where a share is registered in the name of two or more persons as joint holders with rights of survivorship, upon satisfactory proof of the death of one joint holder and without the requirement of letters probate or letters of administration, the Corporation shall treat the surviving joint holder(s) as the sole owner(s) of the

share effective as of the date of death of such joint holder and the Corporation shall make the appropriate entry in the securities register to reflect such ownership.

## **8.9 Representatives of Security Holders**

Subject to section 8.8(b), the Corporation may treat a person referred to in (a), (b) or (c) below as a registered security holder entitled to exercise all of the rights of the security holder that the person represents, if that person furnishes evidence as required under the Act to the Corporation that the person is:

- (a) the executor, administrator, estate trustee, heir or legal representative of the heirs, of the estate of a deceased security holder;
- (b) a guardian, attorney under a continuing power of attorney with authority, guardian of property, committee, trustee, curator or tutor representing a registered security holder who is a minor, a person who is incapable of managing his or her property or a missing person; or
- (c) a liquidator of, or trustee in bankruptcy for, a registered security holder.

## **SECTION IX ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS**

### **9.1 Nomination of Directors**

Only persons who are nominated in accordance with the provisions of this Section IX shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation at any annual meeting of shareholders, or at any special meeting of shareholders called for the purpose of electing directors as set forth in the Corporation's notice of such special meeting, may only be made:

- (a) by or at the direction of the board, including pursuant to a notice of meeting,
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal submitted to the Corporation in accordance with the Act or a requisition of meeting submitted to the directors in accordance with the Act, or
- (c) by any person (a "**nominating shareholder**") who: (i) at the close of business on the date of the giving of the notice provided for below in this Section IX and on the record date for determining shareholders entitled to vote at such meeting, is a registered holder or beneficial owner of shares that are entitled to be voted at such meeting and; (ii) complies with the notice and other procedures set forth in this Section IX.

## 9.2 Timely Notice

In addition to any other requirements in this Section IX and under applicable laws, for a nomination to be made by a nominating shareholder, the nominating shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation. To be timely, a nominating shareholder's notice must be received by the secretary at the principal executive offices of the Corporation:

- (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that if (i) an annual meeting of shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice must be received not later than the close of business on the 10th day following the date on which the public announcement of the date of the annual meeting is first made by the Corporation, and (ii) the Corporation uses "notice-and-access" (as defined in National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer*) to send proxy-related materials to shareholders in connection with an annual meeting, notice must be received not less than 40 days prior to the date of the annual meeting; and
- (b) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders), not later than the close of business on the 15<sup>th</sup> day following the day on which the public announcement of the date of the special meeting of shareholders is first made by the Corporation.

The adjournment or postponement of a meeting of shareholders or the announcement thereof shall commence a new time period for the giving of a nominating shareholder's notice as described above.

## 9.3 Proper Written Form

To be in proper written form, a nominating shareholder's notice to the Secretary must set forth:

- (a) as to each person whom the nominating shareholder proposes to nominate for election as a director (i) the name, age, business address and residential address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) whether the nominee is a resident Canadian within the meaning of the Act, (iv) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (v) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the nominee or any of its affiliates and the nominating shareholder, any person acting jointly or in concert with the nominating shareholder or any of their respective affiliates, and (vi) any other information relating to the nominee that would be required to be disclosed in a dissident's proxy circular in connection

with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and

- (b) as to the nominating shareholder giving the notice: (i) the name and record address of the nominating shareholder, (ii) the class or series and number of shares of the Corporation which are controlled or which are owned beneficially or of record by the nominating shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareholders' interests in the Corporation, (iv) any proxy, contract, arrangement, understanding or relationship pursuant to which the nominating shareholder has a right to vote any shares of the Corporation, (v) whether the nominating shareholder intends to deliver a proxy circular and form of proxy to any shareholders of the Corporation in connection with the election of directors, and (vi) any other information relating to the nominating shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.

Such notice must be accompanied by the written consent of each nominee to being named as a nominee and to serve as a director, if elected.

Reference to "nominating shareholder" in this section 9.3 shall be deemed to refer to each shareholder that nominates a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal.

All information provided in a nominating shareholder's notice will be made publicly available to shareholders of the Corporation.

#### **9.4 Further Information**

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the independence, or lack thereof, of such proposed nominee pursuant to applicable securities laws and provided that such disclosure request does not go beyond that required of management nominees for election as directors of the Corporation.

#### **9.5 Determination of Eligibility**

The chair of the meeting of shareholders at which an election for directors is held shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

## **9.6 Discussion Permitted**

Nothing in this Section IX shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter it is entitled to discuss pursuant to the Act.

## **9.7 Meaning of Public Announcement**

For purposes of this Section IX, “public announcement” shall mean disclosure in a press release reported by a national news service in Canada or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

## **9.8 Notice**

Notwithstanding any other provision of the by-laws of the Corporation, notice given to the secretary pursuant to this Section IX may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (EST) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

## **9.9 Waiver**

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Section IX.

# **SECTION X DIVIDENDS AND RIGHTS**

## **10.1 Dividends**

Subject to the provisions of the Act, the board may from time to time by resolution declare, and the Corporation may pay, dividends to the shareholders according to their respective rights and interests in the Corporation.

Dividends may be paid in money or property, subject to the restrictions on the declaration and payment thereof under the Act, or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

## **10.2 Payment of Dividends**

Any dividend payable in cash to shareholders may be paid by cheque, by electronic means, through a dividend disbursing agent or by such other method as the board may determine. The

payment will be made to or to the order of each registered holder of shares in respect of which the payment is to be made. Cheques will be sent to the registered holder's recorded address, unless the holder otherwise directs. In the case of joint holders, the payment will be made to the order of all such joint holders and, if applicable, sent to them at their recorded addresses, unless such joint holders otherwise direct. The sending of the cheque, the sending of the payment by electronic means or through a dividend disbursing agent, or the sending of the payment by a method determined by the board, in an amount equal to the dividend or other distribution to be paid less any tax that the Corporation is required to withhold, will satisfy and discharge the liability for the payment, unless payment is not made upon presentation, if applicable.

### **10.3 Non-Receipt of Cheques**

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

### **10.4 Record Date for Dividends and Rights**

The board may fix in advance a date as a record date for the determination of the persons entitled to receive payment of dividends and to subscribe for securities of the Corporation, provided that such record date shall not precede by more than 50 days the particular action to be taken. Notice of any such record date shall be given not less than 7 days before such record date in the manner provided in the Act, unless notice of the record date is waived by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date. If the shares of the Corporation are listed for trading on one or more stock exchanges in Canada, notice of such record date shall also be sent to such stock exchanges. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

### **10.5 Unclaimed Dividends**

Any dividend unclaimed after a period of six years from the date on which it has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **SECTION XI GENERAL**

### **11.1 Execution of Instruments**

Contracts, documents and other instruments in writing may be signed on behalf of the Corporation by such person or persons as the board may from time to time by resolution designate. In the absence of an express designation as to the persons authorized to sign either contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing, any two of the directors or officers of the Corporation may sign

contracts, documents or instruments in writing on behalf of the Corporation. The corporate seal, if any, of the Corporation may be affixed to any contract, document or instrument in writing requiring the corporate seal of the Corporation by any person authorized to sign the same on behalf of the Corporation.

The phrase “contracts, documents and other instruments in writing” as used in this provision shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities, all paper writings, all cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange.

### **11.2 Electronic Signatures**

Any requirement under the Act or this by-law for a signature, or for a document to be executed, is satisfied by a signature or execution in electronic form if such is permitted by law and all requirements prescribed by law are met.

### **11.3 Voting Rights in other Corporations**

All securities carrying voting rights of any other corporation held from time to time by the Corporation may be voted at any and all meetings of shareholders, bond holders, debenture holders or holders of other securities (as the case may be) of such other corporation and in such manner as the board may from time to time determine. Any person or persons authorized to sign on behalf of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine.

## **SECTION XII NOTICES**

### **12.1 Method of Sending Notice**

Any notice (which term includes any communication or document) to be sent pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer or to the auditor shall be sufficiently sent if: (a) delivered personally to the person to whom it is to be sent; (b) delivered to the recorded address of that person or, if mailed to that person, delivered to the recorded address by prepaid mail; (c) sent to that person at the recorded address by any means of prepaid transmitted or recorded communication; or (d) provided as an electronic document to that person’s information system, or, if the Corporation is an offering corporation, any such notice shall be sufficiently sent if done in accordance with applicable securities laws, regulations and policies. A notice so delivered shall be deemed to have been sent when it is delivered personally or to the recorded address. A notice so mailed shall be deemed to have been sent when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing. A notice so sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been sent when dispatched by the Corporation if it uses its own facilities or information system and otherwise

when delivered to the appropriate communication company or agency or its representative for dispatch. Notices sent by any means of transmitted or recorded communication or provided as an electronic document shall be deemed to have been received on the business day on which such notices were sent, or on the next business day following if sent on a day other than a business day. The secretary may change or cause to be changed the recorded address, including any address to which electronic communications of any kind may be sent, of any shareholder, director, officer or auditor in accordance with any information believed by the secretary to be reliable. The recorded address of a director shall be the latest address as shown in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act* (Ontario), whichever is the more current.

### **12.2 Notice by Electronic Communications**

A notice or document required or permitted by the Act, the articles, the by-laws or otherwise may be sent by electronic means in accordance with the *Electronic Commerce Act, 2000* (Ontario).

### **12.3 Notice to Joint Shareholders**

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders, but notice sent to one of such persons shall be sufficient notice to all of them.

### **12.4 Computation of Time**

In computing the date when notice must be sent under any provision requiring a specified number of days' notice of any meeting or other event, both the date of sending the notice and the date of the meeting or other event shall be excluded.

### **12.5 Undelivered Notices**

If any notice sent to a shareholder pursuant to section 12.1 is returned on three consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until the shareholder informs the Corporation in writing of a new address.

### **12.6 Omissions and Errors**

The accidental omission to send any notice to any shareholder, director, officer or to the auditor, or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

### **12.7 Persons Entitled by Operation of Law**

Every person who, by operation of law, transfer or by any other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which shall have been duly sent to the shareholder from whom that person derives title to such share prior to the

name and address of that person being entered on the securities register (whether such notice was given before or after the happening of the event upon which that person became so entitled).

### **12.8 Waiver of Notice**

Any shareholder (or a duly appointed proxyholder), director, officer or auditor may at any time waive any notice, or waive or abridge the time for any notice, required to be given to that person under any provisions of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing or by electronic means in accordance with the *Electronic Commerce Act, 2000* (Ontario), except a waiver of notice of a meeting of shareholders or of the board, which may be given in any manner.

### **12.9 Execution of Notices**

The signature of any director or officer of the Corporation to any notice may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

### **12.10 Proof of Service**

A certificate of any director or officer of the Corporation in office at the time of making of the certificate or of an agent of the Corporation as to facts in relation to the sending of any notice to any shareholder, director, officer or auditor or publication of any notice shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

**STREET CAPITAL GROUP INC.**

**MAJORITY VOTING IN DIRECTOR ELECTIONS**

The board of directors (the “**Board**”) of Street Capital Group Inc. (the “**Corporation**”) is committed to fulfilling its mandate to supervise the management of the business and affairs of the Corporation with the highest standards and in the best interests of the shareholders of the Corporation. The Board has, in light of best practice standards in Canada, unanimously adopted this statement of policy providing for majority voting in director elections at any meeting of shareholders where an “uncontested election” of directors is held. For the purposes of this policy, an “uncontested election” of directors of the Corporation means an election where the number of nominees for director is equal to the number of directors to be elected. This policy does not apply where an election involves a proxy battle (i.e. where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board).

Pursuant to this policy, the forms of proxy circulated in connection with a meeting of the Corporation’s shareholders at which an uncontested election of directors is to be conducted shall provide the Corporation’s shareholders with the ability to vote in favour of, or to withhold from voting for, each director nominee. If the number of proxy votes withheld for a particular director nominee is greater than the votes in favour of such nominee, the director nominee shall be required to immediately submit his or her resignation to the Board following the applicable meeting of the Corporation’s shareholders.

Following receipt of a resignation submitted pursuant to this policy, the Governance, Conduct Review and Compensation Committee of the Corporation (the “**GCRC Committee**”) shall consider whether or not to accept the offer of resignation and shall recommend to the Board whether or not to accept it. Absent exceptional circumstances that would warrant the continued service of the applicable director on the Board, the GCRC Committee shall be expected to accept and recommend acceptance of the resignation by the Board. In considering whether or not to accept the resignation, the GCRC Committee will consider all factors deemed relevant by members of the GCRC Committee including, without limitation, the stated reasons why shareholders withheld votes from the election of that nominee; the Corporation would not be compliant with corporate or securities law requirements, applicable regulations or commercial agreements regarding the composition of the Board as a result of accepting a director’s resignation; or the director is a key member of an established, active special committee which has a defined term or mandate (such as a strategic review) and accepting the resignation of such director would jeopardize the achievement of the special committee’s mandate.

Within 90 days following the applicable meeting of the Corporation’s shareholders, the Board shall make its decision, on the GCRC Committee’s recommendation. In considering the GCRC Committee’s recommendation, the Board will consider the factors considered by the GCRC Committee and such additional information and factors that the Board considers to be relevant. Following the Board’s decision on the resignation, the Board shall promptly disclose, via press release, its decision whether to accept the director’s resignation offer including the reasons for rejecting the resignation offer, if applicable. If a resignation is accepted, the Board may in accordance with the provisions of the Corporation’s articles and by-laws, as they may be amended, restated and/or supplemented from time to time, appoint a new director to fill any vacancy created by the resignation or reduce the size of the Board.

A director who tenders his or her resignation pursuant to this majority voting policy shall not be permitted to participate in any meeting of the Board and/or the GCRC Committee, if he or she is a member of the Board and/or the GCRC Committee, as applicable, at which his or her resignation is to be considered. However, if each member of the GCRC Committee received a greater number of proxy votes withheld than the votes for each member in the same election, or a sufficient number of the GCRC Committee members, such that the GCRC Committee no longer has a quorum, then the remaining members of the GCRC Committee, if any, shall not consider the resignation offer(s) and the Board shall consider whether or not to accept the offer of resignation without a recommendation from the GCRC Committee.

In the event that a sufficient number of the Board members received a greater number of proxy votes withheld than the votes for such members in the same election, such that the Board no longer has a quorum, then such directors receiving a majority withheld vote shall be permitted to attend a Board meeting in order to satisfy quorum requirements, but such directors must not speak or otherwise participate in any part of the meeting where his or her resignation is discussed or considered or a related resolution is voted upon.

In the event that any director who received a greater number of proxy votes withheld than votes in favour of such director's election does not tender his or her resignation in accordance with this majority voting policy, he or she will not be re-nominated by the Board for election as a director.

The GCRC Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to this policy and shall have the sole and complete authority to interpret and apply the policy.

*As amended and restated on May 1, 2017.*