

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES BY MANAGEMENT

**This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of The Caldwell Partners International Inc. (the “Corporation”) of proxies to be used at the Corporation’s annual meeting of holders of common shares (“Shareholders”) of the Corporation to be held on Thursday, March 2, 2017 at the time and place and for the purposes set out in the accompanying Notice of Meeting.**

The costs of solicitation of proxies for the Meeting will be borne by the Corporation.

Except as otherwise stated, the information contained herein is given as of January 11, 2017.

### APPOINTMENT AND REVOCATION OF PROXIES

**The person(s) named in the accompanying form of proxy are officers of the Corporation. A Shareholder has the right to appoint a person, who need not be a Shareholder, other than the person(s) designated in the accompanying form of proxy, to attend and act on behalf of the Shareholder at the Meeting or at any adjournment thereof. To exercise this right, a Shareholder may either insert such other person’s name in the blank space provided in the accompanying form of proxy or complete another appropriate form of proxy and, in either case, deliver the completed and executed form of proxy as provided below.**

In the case of registered Shareholders, to be valid, a written proxy being deposited with the Corporation must be dated and manually signed by the Shareholder or his/her attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney. The proxy, to be acted upon, must be deposited with the Corporation by mail, through its registrar and transfer agent, Computershare Trust Company of Canada, at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, by hand to the same address in Toronto, Ontario, by internet at [www.investorvote.com](http://www.investorvote.com) (in which case you will be prompted to enter your Control Number, which is located on the accompanying Form of Proxy) or by telephone, by calling 1-866-732-VOTE (8683) (toll free within North America) or 312-588-4290 (International), by 4:00 p.m. on February 28, 2017 or if the Meeting is adjourned, not later than 48 hours (excluding weekends and holidays) prior to the time of such adjourned Meeting.

A Shareholder who has given a proxy may revoke it by depositing an instrument in writing (including another proxy) executed by the Shareholder, or by the Shareholder’s attorney authorized in writing, at the office of the Corporation’s registrar and transfer agent Computershare Trust Company of Canada, at the address set out above, at any time up to and including the last business day prior to the date of the Meeting or any adjournment thereof, or with the chair of the Meeting, on the day of the Meeting at any time before it is exercised on any particular matter or in any other manner permitted by law including attending the Meeting in person.

### VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered Shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares of the Corporation (“**Common Shares**” or “**Shares**”) are beneficially owned by a person (a “**Non-Registered Holder**”) and are

registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will have distributed copies of the Notice of Meeting, this Circular and form of proxy (collectively, the “**meeting materials**”) to the Intermediaries for onward distribution to Non-Registered Holders.

Non-Registered Holders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- (a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the meeting in person (or have another person attend and vote on the Holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on the Holder’s behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.
- (b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a form of proxy that may have already been signed by an Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must complete the form of proxy and deposit it with the Corporation’s registrar and transfer agent, Computershare Trust Company of Canada, at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department or by internet or telephone pursuant to the instructions provided in the form of proxy, by 4:00 p.m. February 28 2017 or if the Meeting is adjourned, not later than 48 hours (excluding weekends and holidays) prior to the time of such adjourned Meeting. If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided.

**Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.**

#### **EXERCISE OF DISCRETION BY PROXY HOLDER**

If a Shareholder specifies a choice on the form of proxy with respect to any matter set out therein, the Common Shares will be voted accordingly on any vote or ballot that may be called for on such matters. **If a Shareholder does not so specify a choice, the Common Shares represented by proxy will be voted in favour of the matters to be voted on by Shareholders as described in this Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the resolutions, and with respect to any other matter which may properly

come before the Meeting. As of the date of this Circular, management is not aware of any such amendment or variation proposed or likely to come before the Meeting. However, if any such amendment or variation properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such other business in accordance with their judgment.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at January 11, 2017, 20,129,555 Common Shares of the Corporation were issued and outstanding. Each holder of Common Shares shown as registered on January 26, 2017 is entitled to one vote per Common Share in respect of each matter to be voted upon at the Meeting.

To the knowledge of the directors and officers of the Corporation, the persons who beneficially own or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to the Common Shares of the Corporation are as follows:

Name	Number of Common Shares	% of Outstanding Common Shares
C. Douglas Caldwell <sup>(1)</sup>	4,272,807	21.2%

<sup>(1)</sup> Held directly or through private corporations controlled by him as reported on the System for Electronic Disclosure for Insiders (SEDI).

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, no proposed nominee for election as a director, and no associate of any of the foregoing persons has any material interest, direct or indirect, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### 1. ELECTION OF DIRECTORS

The Articles of the Corporation provide that the board of directors of the Corporation (the “**Board**”) shall consist of a minimum of one director and a maximum of ten directors (each a “**Director**”). The Board has determined that there will be five Directors and five nominees are proposed, as set out below. **Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the nominees whose names are set forth below.**

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation	Served as Director Since	Number of Common Shares Held <sup>(1)</sup>	Number of DSUs Held <sup>(2)</sup>
Paul R. Daoust Boston,	Director Independent	Consultant & Corporate Director	2013	200,000	69,862
Richard D. Innes Toronto, Ontario	Director Independent	Consultant & Corporate Director	2009	100,000	60,682
G. Edmund King Toronto, Ontario	Director Independent	Corporate Director	2003	100,000	83,438
John N. Wallace Toronto, Ontario	Director, President and Chief Executive	Director, President and Chief Executive	2009	760,500	-
Kathryn A. Welsh Stouffville, Ontario	Director Independent	Consultant & Corporate Director	2009	40,000	60,682

- (1) Number of Common Shares of The Caldwell Partners International Inc. beneficially owned, directly or indirectly, or over which control or direction is exercised, as reported by respective nominees as at January 11, 2017.
- (2) Number of DSUs including adjustments made for dividends held by each Director under the current Deferred Share Unit Plan (the "DSU Plan") for Directors as at January 11, 2017. The DSU Plan is described beginning under the heading Compensation of Directors in this Circular. Mr. Wallace does not participate in the DSU Plan and receives no fees for his services as a director of the Corporation.

Committee members and chairs for the current Directors standing for re-election are summarized as follows:

	<b>Board Of Directors</b>	<b>Audit Committee</b>	<b>Nominating/ Corporate Governance/ Compensation Committee (NCGC)</b>	<b>Investment Committee</b>
Paul R. Daoust	✓	✓	Chair	✓
Richard D. Innes	✓	✓	✓	Chair
G. Edmund King	Chair	✓	✓	✓
John N. Wallace	✓	(1)	(1)	✓
Kathryn A. Welsh	✓	Chair	✓	✓

- (1) Mr. Wallace does not sit on the Audit, NCGC or Special Committees, as he is the Chief Executive Officer of the Corporation, and therefore not an independent Director.

All of the said proposed nominees have held the positions set out opposite their names or other management functions with their respective organizations for the last five years, except as may be noted below:

***Paul R. Daoust***

Consultant and Corporate Director

Mr. Daoust holds a B.A. in mathematics from Boston College and a Masters of Actuarial Science, with distinction, from the University of Michigan and is a Fellow of the Society of Actuaries. From February, 2005 until December, 2015 (following the acquisition of its core employer division), Mr. Daoust served as the chair of HighRoads, Inc., a privately held technology-enabled services company, where he also served as chief executive officer from February 2005 to December 2008. Previous operating experience includes more than 28 years with Watson Wyatt (now Willis Towers Watson), including 5 years as global chief operating officer and 9 years as a board director. In terms of public board experience, he recently served as a director for Mac-Gray, a technology-enabled services provider in business services until it was acquired in January, 2014. In prior years he was a director for Gevity HR, Inc. which provided HR to the SMB Market until it was acquired in 2009, and Salary.com, a provider of SaaS compensation solutions, where he also served as interim CEO until it was acquired in 2010. He also currently serves on the board of directors of Provant Health, Advantia Health, and DirectPath, all privately held companies in the healthcare space.

***Richard D. Innes***

Consultant and Corporate Director

Mr. Innes holds an Honours Business Administration degree from Western University. He currently is an independent consultant. From 1997 to 2007, Mr. Innes was president and chief executive officer of Arbor Memorial Services Inc., a company listed on the Toronto Stock Exchange (the "TSX") at the time which operated cemeteries, crematoria, and funeral homes across Canada. Mr. Innes' lengthy and broad business career includes serving as president of the Frozen Products and Industrial divisions of Ault Foods, and other senior roles at Catelli, Nabisco Brands Limited, Playtex Limited, Canadian Marketing Associates, and Procter & Gamble, where he began his career.

***G. Edmund King***

Corporate Director

Edmund King holds a B.A. in Economics from the University of Toronto. He is a director of Rockcliff Copper Corporation, Aurvista Gold Corporation and Highvista Gold Inc. Mr. King was previously chairman and CEO of Wood Gundy Ltd., and of CIBC Wood Gundy and Chairman of WIC Western International Communications. Mr. King is a former director of Falconbridge Ltd., Rockwater Capital Corporation, Imax Corp., McCarvill Corporation Engagement Labs and Norvista Capital. Mr. King is also the former chairman of the Investment Dealers Association of Canada, The Princess Margaret Hospital, and a former director of the National Ballet of Canada, the Shaw Festival, and the Centre for Addiction and Mental Health Foundation (CAMH).

***John N. Wallace***

President, Chief Executive Officer, and Director

Prior to joining the Corporation in 2008, Mr. Wallace was president and chief executive officer of Highland Partners, the executive search division of Hudson Highland Group, Inc., the world's largest combined executive search, specialty staffing, and related consulting services firm. Mr. Wallace began his career in the executive search industry when, in 1996, he joined Illsley Bourbonnais as president and managing partner.

Earlier, Mr. Wallace held progressive positions in sales and marketing in the communications industry, including VP, marketing and planning for Nortel Communications Systems and VP, marketing and information services for Telecommunications Terminal Systems, as well as various roles at Bell Canada. Mr. Wallace holds a BSc (Honors) from the University of Waterloo.

***Kathryn A. Welsh***

Consultant and Corporate Director

Ms. Welsh holds a B. Comm. (Honours – Gold Medalist) from Queen's University. Ms. Welsh has been an independent consultant since 2004. From 2002 to 2004, she served as chief financial officer and corporate secretary of Radian Communication Services Corporation. Ms. Welsh has held a number of other senior financial positions, including CFO for Simvest Solutions, The Second Cup, and Canada Bread. She began her business career as a senior accountant with KPMG, subsequently holding management positions at Holt Rinehart & Winston of Canada Limited and Innopac Inc. Ms. Welsh earned her CA designation in 1982; in 2008 she became an Institute Certified Director, Institute of Corporate Directors, and has served as a director or trustee for a number of organizations. Ms. Welsh also currently serves as Director and Audit Committee Chair for Pizza Pizza Royalty Corp.

Director attendance at Board and committee meetings held during the fiscal year 2016 is summarized as follows:

	<b>Board Meetings Attended/Possible</b>	<b>Audit Committee Meetings Attended/Possible</b>	<b>Nominating/ Corporate Governance/ Compensation Committee (NCGC) Meetings Attended/Possible</b>	<b>Investment Committee Meetings Attended/Possible</b>
Paul R. Daoust	12/12	5/5	5/5	5/5
Richard D. Innes	12/12	5/5	5/5	5/5
G. Edmund King	12/12	5/5	5/5	5/5
John N. Wallace <sup>(1)</sup>	12/12	(1)	(1)	5/5
Kathryn A. Welsh	11/12	5/5	5/5	5/5

<sup>(1)</sup> Mr. Wallace does not sit on the Audit or NCGC Committees, as he is the Chief Executive Officer of the Corporation, and therefore not an independent Director.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Corporation, no Director or proposed Director is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director or chief executive officer or chief financial officer of any company (including the Corporation) that: (a) was the subject of an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no Director or proposed Director: (a) is, or within ten (10) years before the date hereof has been a director or executive officer of a corporation that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director. No Director or proposed Director has been subject to any: (a) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder in deciding whether to vote for the Director or proposed Director.

## 2. APPOINTMENT OF AUDITORS

It is proposed that PricewaterhouseCoopers LLP, Chartered Accountants, be appointed as auditors of the Corporation at the Meeting. PricewaterhouseCoopers LLP have been the Corporation's auditors since 1988. Representatives of PricewaterhouseCoopers are expected to be present at the meeting.

**Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.**

## 3. RECONFIRMATION OF SHAREHOLDER RIGHTS PLAN

The Board of Directors of the Corporation adopted a shareholder rights plan pursuant to a Shareholder Rights Plan Agreement dated as of May 10, 2010 between the Corporation and Valiant Trust Company (predecessor entity to Computershare Trust Company of Canada), as rights agent (the "**Rights Plan**"). The purpose of the Rights Plan is to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any initiative to acquire effective control of the Corporation.

The Rights Plan was approved, ratified and confirmed by the Shareholders at the special meeting of the Shareholders of the Corporation held on October 28, 2010. By its terms, the Rights Plan must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders (as such term is defined in the Rights Plan) who vote in respect of such reconfirmation at every third annual meeting of the Corporation thereafter. The Rights Plan was reconfirmed by the Shareholders at the annual meeting of the Corporation held on March 11, 2014. As the current Meeting is the third annual meeting of the Corporation held since the plan was last reconfirmed, Independent Shareholders will be asked at the current Meeting to reconfirm the Rights Plan.

### **Purpose of the Shareholder Rights Plan**

The purpose of the Shareholder Rights Plan is to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any initiative to acquire effective control of the Corporation.

### **Control Transactions**

The Shareholder Rights Plan that has been adopted by the Corporation does not prevent change of control transactions but rather encourages potential acquirers of effective control to make take-over bids by means of a Permitted Bid, which is designed to treat all shareholders equally and fairly.

Under current Canadian securities legislation, it is possible for effective control of a company to be acquired through a transaction that may exclude some shareholders or may be coercive or otherwise unfair to shareholders and not in the best interests of a corporation, its shareholders and other stakeholders. For example, effective control can be acquired through private agreement purchases from select shareholders that are not available to all shareholders, either alone or in conjunction with purchases from time to time on the TSX or other markets where the Shares are traded. Those acquisitions may result in a change of effective control that does not afford all Shareholders a "control premium" for their Shares. Take-over bids also can be structured so that they are coercive and effectively limit shareholder choice.

In this context, the Board of Directors considered, with the benefit of advice from its legal advisors, whether it was in the best interests of the Corporation, its Shareholders and other stakeholders to adopt a shareholders rights plan. The Board of Directors unanimously determined that it was in the best interests of the Corporation, its Shareholders and other stakeholders to do so to limit the potential adverse impact

of an accumulation of a significant interest in the Shares that was effected through a creeping bid, private agreement transactions or other means that resulted in coercive or unfair attempts to take over the Corporation without affording all Shareholders the opportunity to sell all of their Shares to the acquirer.

The Rights Plan discourages creeping bids, private agreement transactions and coercive or unfair acquisition of effective control by creating the potential that any Shares that may be acquired or held by an acquirer will be significantly diluted if not acquired in a manner permitted by the Shareholder Rights Plan. Such potential dilution results because the Shareholder Rights Plan provides that all holders of Shares who are not related to the acquirer will be entitled to exercise Rights issued to them under the Shareholder Rights Plan and to acquire additional Shares at a substantial discount to prevailing market prices (with the acquirer and the persons related to the acquirer not entitled to exercise any such Rights). However, the Shareholder Rights Plan that has been adopted by the Corporation does not prevent change of control transactions. The Shareholder Rights Plan does not apply to bids that are structured as a "Permitted Bid", which is a take-over bid:

- that is made by way of a take-over bid circular to all holders of Shares, other than the acquirer, for all outstanding Shares; and
- that is subject to irrevocable and unqualified conditions that (a) no Shares shall be taken up or paid for prior to a date which is not less than 60 days after the date of the bid and then only if more than 50% of the outstanding Shares held by Shareholders who are independent of the bidder have been tendered to the bid and not withdrawn, (b) Shares may be deposited pursuant to the bid (unless the bid is withdrawn) at any time prior to the close of business on the date Shares are first taken up and paid for under the bid, (c) any Shares deposited pursuant to the bid may be withdrawn until taken up and paid for, and (d) if the 50% tender condition is satisfied, that fact will be publicly announced and the bid will be extended for at least 10 business days following such announcement.

These criteria are intended to ensure that the Permitted Bid is even-handed, available to all shareholders for all of their Shares, and free of coercive effect. In a Permitted Bid, a shareholder who is not inclined to keep Shares in a company controlled by the acquirer may, for example, wait to see if the acquirer achieves the 50% tender level at the time shares are first taken up, and then subsequently tender their shares to exit their investment with assurance that their tender will be accepted and that they will receive the same consideration as other shareholders. Thus, in a Permitted Bid, shareholders are given a free choice to decide whether the consideration offered is adequate and properly reflective of a control premium.

By requiring that a Permitted Bid be open for at least 60 days, the Directors of the Corporation are also given a reasonable time following the making of a Permitted Bid to attempt to find a better offer for the Shares, to the benefit of all Shareholders.

At the date of this Circular, neither management nor the directors of the Corporation are aware of the intention of any person or corporation, or any group of persons or corporations, to engage in any Permitted Bid, or to acquire by any other means control of the Corporation.

### **The Shareholder Rights Plan**

A copy of the complete Rights Plan has been filed with the Canadian Securities Administrators and is available on SEDAR at [www.sedar.com](http://www.sedar.com) (filed with SEDAR on May 17, 2010 as a material contract). Copies are also available from the Secretary of the Corporation at its head office located at 165 Avenue Road, Suite 600, Toronto, Ontario M5R 3S4. A summary of the principal terms and conditions of the Shareholder Rights Plan is attached as Schedule A to this Circular.

**The Board of Directors believes that the Rights Plan is in the best interests of the Corporation, its Shareholders and other stakeholders and unanimously recommends that the Rights Plan be reconfirmed. Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote FOR the following resolution.**

The following is the text of the resolution to be approved by the Independent Shareholders at the meeting:

**“BE IT RESOLVED THAT the shareholder rights plan of the Corporation and the Shareholder Rights Plan Agreement dated as of May 10, 2010 between the Corporation and Valiant Trust Company, as rights agent is hereby reconfirmed.”**

To be effective, the resolution must be passed by a simple majority of the votes cast thereon by the Independent Shareholders present in person or by proxy at the Meeting.

#### **4. OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management of the Corporation knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO MANAGEMENT OF THE CORPORATION SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.

#### **COMPENSATION DISCUSSION AND ANALYSIS**

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation’s executive compensation objectives and processes and to discuss compensation relating to Named Executive Officers (as defined under Form 51-102F6). For the fiscal year ended August 31, 2016, the Corporation’s five Named Executive Officers were John N. Wallace (Chief Executive Officer), C. Christopher Beck (Chief Financial Officer), and the three additional Named Executive Officers Michael R. J. Falagario, Caroline Lomot and Geneva Morse.

#### **Report on Executive Compensation**

Executive compensation matters are reviewed and recommended to the Board by the Nominating/Corporate Governance/Compensation Committee (“**NCGC Committee**”), which is currently composed of Mr. Daoust (Committee Chair), Mr. Innes, Mr. King and Ms. Welsh, all of whom are “independent” Directors within the meaning of National Instrument 52-110 – *Audit Committees*. The NCGC Committee reviews and provides guidance on executive compensation and benefits plans having regard to existing total cash compensation and non-cash compensation levels and practices found in comparable external organizations and in the Corporation with respect to positions at similar levels of responsibility. The Board has responsibility for determining annual executive compensation and approving grants of Performance Stock Units (“**PSUs**”), restricted stock units (“**RSUs**”) and stock options (“**Options**”) to eligible executive officers of the Corporation, on recommendation of the NCGC Committee.

The NCGC Committee considers the implications of the risks associated with the Company's compensation policies and practices. The NCGC Committee annually reviews the compensation plans of the Named Executive Officers ("NEOs") compensation plan and the partners' compensation plan. The NCGC Committee mitigates compensation policies and practices that could encourage an NEO to take in appropriate or excessive risks by linking compensation to both short-term financial performance as well as long-term share price appreciation.

Neither NEOs nor Directors are permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

The executive compensation program is intended to provide the Corporation's executives with total compensation that is competitive with comparable North American organizations. The executive compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term, thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long term success.

The major elements of the Named Executive Officers' compensation program are a base salary and short-term incentive annual bonus and additionally, for the Chief Executive Officer and the Chief Financial Officer, a long-term incentive plan which may include the granting of Options or other share-based awards.

#### *Fiscal 2014 Compensation*

For the fiscal 2014 year, the NCGC Committee received input from an independent compensation consultant with respect to the compensation structure for the Chief Executive Officer and the Chief Financial Officer. In connection with this input, Mr. Wallace entered into a new employment agreement with the Corporation superseding his employment agreement from 2008. Under the terms of the 2014 employment agreement, Mr. Wallace's base pay and short-term incentive target and calculation were set at a base salary of \$437,750 and a short-term incentive target bonus of 100% of base salary, with the actual amount being determined as to 50% on revenue metrics and 50% on normalized operating income. The 2014 Employment Agreement provided for participation in the Corporation's PSU plan described herein, with a target annual PSU grant equal to 100% of base salary. The PSU plan was intended to replace the existing RSU plan. The 2014 employment agreement also includes certain restrictive covenants including one year non-competition and two year non-solicitation of employees or clients. The agreement also provided that if terminated without just cause or if he leaves with good reason, both situations as defined in the agreement, then Mr. Wallace shall be paid i) his annual short-term incentive bonus calculated pro-rata through the date of separation plus ii) 24 months of severance equal to base pay plus short-term incentive pay based on a trailing two year average.

Mr. Beck is subject to an employment agreement entered into in 2013, and in connection with the compensation consultant's input in 2014, Mr. Beck's compensation was set at a base salary of \$260,000 (USD) with a 50% short-term incentive target bonus on the same attainment basis as the CEO, and he was determined eligible to participate in the PSU plan with a target annual PSU grant equal to 50% of base salary. Mr. Beck's employment agreement also sets forth certain restrictive covenants including a one year non-solicitation of employees or clients and provision for payments if terminated without cause in the amount of i) his annual short-term incentive bonus calculated pro-rata through the date of separation plus ii) 12 months of severance equal to base pay plus short-term incentive pay based on a trailing two year average.

Compensation for the other Named Executive Officers provides for a base salary subject to annual review and a short-term incentive target ranging from 25% to 50% of base salary. The bonus amount was determined as to 40% on revenue metrics, 40% on normalized operating income and 20% at the discretion of the CEO based on individual performance and attainment of personal objectives. Restrictive covenants agreed to with the other Named Executive Officers include a one year non-solicitation of employees or clients.

#### *Fiscal 2015 Compensation*

For the fiscal 2015 year, the NCGC Committee again consulted an independent compensation consultant regarding the Chief Executive and Chief Financial Officer. Based on this consultation and the Board's assessment of the executives, the structure of the compensation plans were maintained, with Mr. Wallace's base pay adjusted to \$450,000 and Mr. Beck's base pay adjusted to \$270,000 (USD). Plans for the other Named Executive Officers also remained unchanged, subject to annual base pay reviews and adjustments as set forth in the accompanying chart.

#### *Fiscal 2016 Compensation*

For the fiscal 2016 year, the NCGC Committee, upon further consultation with an independent compensation consultant adjusted Mr. Wallace's base pay to \$475,000 and Mr. Beck's base pay to \$300,000 (USD). The general structures of the compensation plans were maintained, yet providing that in the event of separation without cause, Mr. Wallace's severance pay was amended to be 24 months compensation comprised of base salary plus bonus at target and Mr. Beck's severance was amended to be 18 months compensation comprised of base salary plus bonus at the lower of target or the average of the prior two years' actual bonus amounts. Regarding the other Named Executive Officers, the target bonus weighting was adjusted to be determined as to 35% on revenue metrics, 35% on normalized operating income and 30% at the discretion of the CEO based on individual performance and attainment of personal objectives.

#### *Executive Compensation-Related Fees*

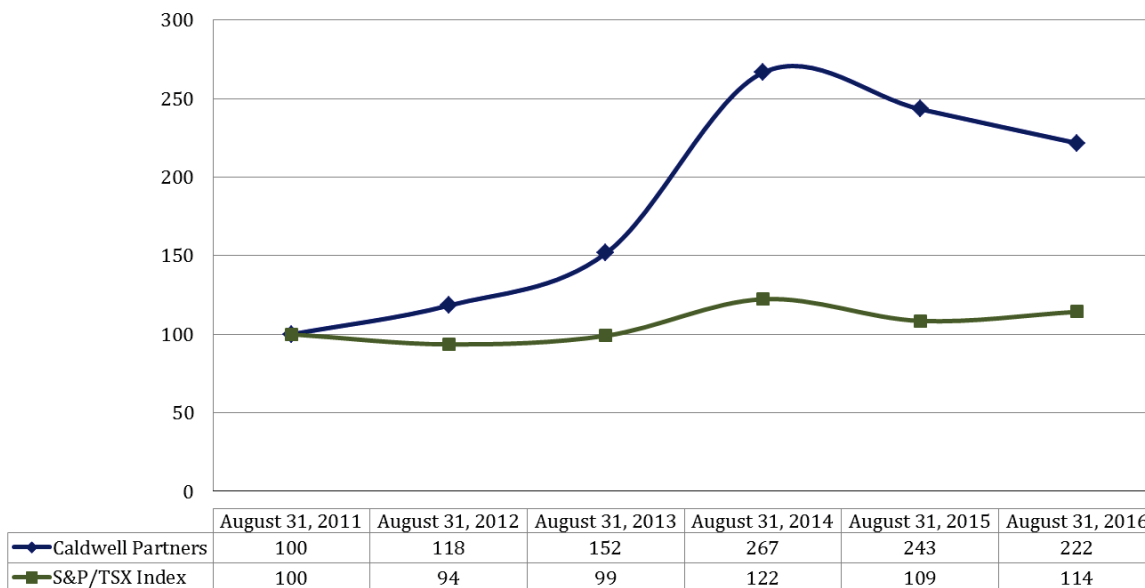
The independent compensation consultant engaged by the Company was Mercer, LLC ("Mercer"). Mercer was engaged beginning in fiscal 2014 for the creation of PSU and DSU plans, and in benchmarking and arriving at initial and ongoing compensation of the CEO and CFO. Fees charged by Mercer were \$8,521 and \$740 for the fiscal years ending 2016 and 2015, respectively. Mercer provided no other services to the company, or to its affiliated or subsidiary entities, or to any of its directors or members of management, other than or in addition to compensation services provided for any of the Company's Directors or executive officers.

#### *Subsequent Compensation Adjustments*

Effective September 1, 2016, and in furtherance of management initiatives for profitability improvements, Mr. Wallace's base pay was voluntarily reduced by 10% to \$427,500, Mr. Beck's pay was voluntarily reduced by 5% to \$285,000 (USD) and Mr. Falagarino's pay was voluntarily reduced by 5% to \$171,000. Mr. Wallace further agreed with the Company that his base pay shall not be eligible for increase until September 1, 2019. In the event of Mr. Wallace's or Mr. Beck's separation from the Company prior to September 1, 2019 and without Cause as defined in their respective employment agreements, any severance amounts due shall be based on their base salary prior to the described reductions. Additionally for the other Named Executive Officers, target bonus ranges were reviewed and updated from 25% to 50% of base compensation to 30% to 50% of base compensation.

## Shareholder Return Performance Graph

The following chart compares the yearly percentage change in the cumulative total Shareholder return on the Corporation's Common Shares against the cumulative total Shareholder return on the S&P/TSX Composite Index (formerly, the Toronto Stock Exchange 300 Composite Index) for the five most recently completed fiscal years ending August 31, 2016<sup>(1)</sup>.



(1) Assumes that the initial value of the investment on the Toronto Stock Exchange in the Corporation's Common Shares was \$100 on August 31, 2011 and that all dividends were reinvested.

The trend in Caldwell's executive compensation is impacted in a similar fashion as the above share price chart, but with the fluctuation in executive compensation being generally less volatile than changes in the share price. This is due to a significant portion of the CEO's and CFO's target compensation (33% and 25%, respectively) tied directly to long-term share price-based incentives which generally move with the chart and a further significant portion of target compensation (33% and 25%, respectively) tied to short-term financial objectives, the continued attainment of which should support a long-term growth in share price. The remaining portion of target compensation (33% and 50%, respectively) is in the form of a base salary which is relatively constant and does not fluctuate with share price, thus smoothing the executive compensation relative to the points in time share price chart.

## Summary Compensation Table

The following table sets forth compensation of the Chief Executive Officer, Chief Financial Officer and the other Named Executive Officers of the Corporation for the fiscal year ended August 31, 2016, 2015 and 2014.

Name & Principal Position	Year	Salary	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation
					Annual	Long-Term			
John N. Wallace President & Chief Executive Officer	2016	\$475,000	\$475,000 <sup>(1)</sup>	-	-	-	-	(4)	\$950,000
	2015	\$450,000	\$450,000 <sup>(2)</sup>	-	\$578,221	-	-		\$1,478,221
	2014	\$437,750	\$437,750 <sup>(3)</sup>	-	\$622,872	-	-		\$1,498,372
C. Christopher Beck <sup>(5)</sup> Chief Financial Officer & Corporate Secretary	2016	\$399,000	\$199,500 <sup>(1)</sup>	-	-	-	-	(4)	\$598,500
	2015	\$326,700	\$163,350 <sup>(2)</sup>	-	\$209,894	-	-		\$699,944
	2014	\$280,202	\$140,101 <sup>(3)</sup>	-	\$213,064	-	-		\$633,367
Michael R. J. Falagario Director, Finance, Systems & Planning	2016	\$180,000	-	-	\$27,000	-	-	(4)	\$207,000
	2015	\$180,000	-	-	\$110,515	-	-		\$290,515
	2014	\$175,100	-	-	\$105,170	-	-		\$280,270
Caroline Lomot <sup>(5)</sup> Director, Marketing	2016	\$206,150	-	-	\$15,461	-	-	(4)	\$221,611
	2015	\$181,500	-	-	\$55,718	-	-		\$237,218
	2014	\$155,404	-	-	\$46,670	-	-		\$202,074
Geneva Morse <sup>(5)(6)</sup> Director, Talent and Knowledge Management	2016	\$123,971	-	-	\$24,174	-	-	\$26,600 <sup>(6)</sup>	\$174,745
	2015	-	-	-	-	-	-		-
	2014	-	-	-	-	-	-		-

- (1) Amount relates to Performance Stock Units awarded during the year, valued at \$1.48 per unit (fair value at the date of grant). These Performance Stock Units cliff vest on August 31, 2018.
- (2) Amount relates to Performance Stock Units awarded during the year, valued at \$1.53 per unit (fair value at the date of grant). These Performance Stock Units cliff vest on August 31, 2017.
- (3) Amount relates to Performance Stock Units awarded during the year, valued at \$0.94 per unit (fair value at the date of grant). These Performance Stock Units cliff vested on August 31, 2016.
- (4) For the periods indicated, the named persons received annual compensation only in the form of salary, bonus and perquisites and other benefits. The value of each such officer's other compensation and benefits was less than the lesser of (i) \$50,000 and (ii) 10% of such officer's total annual salary and non-equity incentive plan annual compensation.
- (5) Mr. Beck, Ms. Lomot and Ms. Morse are based in the US and their compensation is earned and paid in US dollars. Amounts shown in the chart are in Canadian dollars, translated at the average exchange rate in effect over the course of the period base compensation was paid throughout the respective fiscal year. The exchange rates used to translate compensation amounts were 1.3300 CAD/USD for fiscal 2016, 1.2100 CAD/USD for fiscal 2015 and 1.0777 CAD/USD for fiscal 2014.
- (6) Ms. Morse joined the Corporation effective February 29, 2016. Compensation listed for fiscal 2016 is for the period employed. In connection with Ms. Morse's employment with the Corporation, a one-time sign-on payment of \$20,000 (USD) was made to Ms. Morse.

## Share-based Incentive Plans

The purpose of the share-based incentive plans are to attract, retain and incent executive management and key employees and align their interests with the Shareholders of the Corporation. The NCGC Committee, in conjunction with the President and Chief Executive Officer of the Corporation and any independent compensation consultants retained from time to time, periodically assess executive compensation and whether the existing plans continue to meet the needs of the Corporation having regard to the compensation principles and objectives outlined elsewhere in this Circular. Any recommendations to award share-based incentive or amend the terms of the plans are carefully considered by the NCGC Committee and, on their recommendation, are considered and, as appropriate, ultimately approved by the Board.

The Corporation has three equity incentive plans under awards may be granted:

- The Restricted Stock Unit Plan
- The Performance Share Unit Plan
- The Stock Option Plan

### Performance Share Unit (PSU) and Restricted Stock Unit (RSU) Plans

During fiscal 2011, the Board adopted a Restricted Stock Unit Plan (as subsequently amended from time to time, the “**RSU Plan**”). From fiscal 2011 through fiscal 2013, RSUs represented the primary share-based incentive plan for senior management. Under the RSU Plan, senior management of the Corporation are eligible to receive a grant of RSUs as a bonus in respect of services rendered during the year. Each RSU represents a notional unit with an underlying value equivalent to the value of a Common Share. As notional shares, each RSU is adjusted to reflect dividends declared on the Common Shares. Under the RSU Plan, all RSUs cliff vest three years from the date of grant. The Board may elect to settle in either cash or shares; should the Board elect to settle in shares, the individual may elect to receive up to half of the settlement in cash. The RSUs which vested during the fiscal years 2016, 2015 and 2014 were settled in cash.

During fiscal 2014, upon review and recommendation by the NCGC Committee and an external compensation consulting firm, the Board adopted a Performance Share Unit Plan (the “**PSU Plan**”) and the RSU Plan is now considered inactive for future grants. The PSU Plan was established as a vehicle by which equity-based incentives may be awarded to attract and retain key employees, to reward their significant contributions to the long-term success of the Corporation, to provide eligible persons with additional incentives based solely on future performance and results and to align their interests more closely with the Shareholders of the Corporation. PSUs are notional Common Shares of the Company that cliff vest three years from the date of grant and are settled only in cash. As notional shares, each PSU is adjusted to reflect dividends declared on the Common Shares. The future amount to be paid at vesting is dependent on the share price at the vesting date and is multiplied by a performance factor ranging between 50% and 150% based on the Company’s actual revenue and net operating profit performance compared to targets set by the Board each year over the cumulative three-year service period of each respective grant.

Grants of PSUs (and Options as discussed below) are made by the Board, on the recommendation of the NCGC Committee, based on the level of compensation deemed necessary to provide sufficient retention, alignment with Shareholders and future services to be provided by the participant. The PSU Plan may be amended or terminated at any time by the Board, except with respect to any PSU rights that have already accrued under the PSU Plan prior to the date of amendment or termination, as applicable.

## Stock Option Plan

The Corporation has a stock option plan as adopted October 13, 1994 and as amended July 20, 2000 (the “**Stock Option Plan**”), pursuant to which the Board may, from time-to-time, in its discretion, grant Options to any Director, officer, employee or consultant of the Corporation or its subsidiaries.

The aggregate number of shares that may be issued under the Plan is stated to be 2,470,000 shares. As of the date of this Circular, 1,289,400 Options have been issued and exercised, and 375,000 have been issued and remain outstanding, representing 1.9% of the Corporation’s outstanding Common Shares on a non-diluted basis. All Options currently outstanding as of the date of this Circular vested rateably over two years and have the maximum contractual life of five years. The Options have a strike price equal to the market value of the Common Shares on the date of issuance. The Options are to be settled with the issuance of new shares upon the grantee providing cash in the amount of the strike price multiplied by the number of options being exercised.

## Outstanding share-based awards and option-based awards

The following table sets forth all share-based compensation awards outstanding for the Named Executive Officers on August 31, 2016:

Name	Option-based Awards				Share-based Awards				
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date <sup>(1)</sup>	Value of unexercised in-the-money options (\$)	Type of Award	Vesting Date	Number of shares or units of shares that have not vested (#) <sup>(5)</sup>	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
John N. Wallace	-	-	-	-	PSU <sup>(2)</sup>	August 31, 2018	331,689	\$292,351	-
	-	-	-	-	PSU <sup>(3)</sup>	August 31, 2017	321,788	\$349,076	-
	-	-	-	-	PSU <sup>(4)</sup>	August 31, 2016	-	-	\$601,562
C. Christopher Beck	100,000	\$1.02	April 11, 2018	\$10,000	PSU <sup>(2)</sup>	August 31, 2018	140,785	\$152,724	-
	-	-	-	-	PSU <sup>(3)</sup>	August 31, 2017	109,640	\$96,637	-
	-	-	-	-	PSU <sup>(4)</sup>	August 31, 2016	-	-	\$196,944

- (1) Options were granted on April 11, 2013 with a term of five years with 50% vesting on the first anniversary of the grant date, and the remaining 50% on the second anniversary of the grant date. Options expire earlier if the executive ceases to be an employee. The in-the-money value was calculated using a share value of \$1.12, the August 31, 2016 closing share price of the Corporation’s shares on the TSX.
- (2) Issued effective December 16, 2015 at a fair value at date of grant of \$1.48 per PSU. The market value at August 31, 2016 in the chart is based on the fair market value under the PSU Plan of \$1.13 (representing the twenty day average share price leading up to August 31, 2016) and a performance adjustment of 78% achievement to target based on performance during the first year of the vesting period.
- (3) Issued effective December 22, 2014 at a fair value at date of grant of \$1.53 per PSU. The market value at August 31, 2016 in the chart is based on the fair market value under the PSU Plan of \$1.13 (representing the twenty day average share price leading up to August 31, 2016) and a performance adjustment of 96% achievement to target based on performance during the first two years of the vesting period.
- (4) Issued effective January 31, 2014 at a fair value at date of grant of \$0.94 per PSU. The market value at August 31, 2016 in the chart is based on the fair market value under the PSU Plan of \$1.13 (representing the twenty day average share price leading up to August 31, 2016) and a performance adjustment of 100% achievement to target based on performance during the three years of the vesting period.
- (5) The number of outstanding units includes adjustments made for dividends declared.

## Incentive Plan Awards

The following table describes the value of all incentive plan pay-outs that were vested or earned during the 2016 fiscal year by the Named Executive Officers:

Name	Option-Based Awards- Value Vested During the Year \$	Share-Based Awards- Value Vested During the Year \$	Non-Equity Incentive Plan Compensation-Value Earned during the Year <sup>(3)</sup> \$
John N. Wallace	-	\$210,854 <sup>(1)</sup> \$601,562 <sup>(2)</sup>	-
C. Christopher Beck	-	\$196,944 <sup>(2)</sup>	-
Michael R.J. Falagarario	-	\$84,342 <sup>(1)</sup>	\$27,000
Caroline Lomot	-	\$52,250 <sup>(1)</sup>	\$15,461
Geneva Morse	-	-	\$24,174

- (1) Amount pertains to the valuation of RSU grants from fiscal 2013 vested and paid during fiscal 2016. Fiscal 2013 represented the last year of grants under the RSU plan.
- (2) Amount pertains to the valuation of PSU grants from fiscal 2014 vested during fiscal 2016 and payable by December 31, 2016. The final settlement amounts are based on the twenty day average share price subsequent to the public release of the Company's fiscal 2016 financial results which resulted in actual payments to Mr. Wallace and Mr. Beck of \$534,327 and \$174,933, respectively in accordance with the PSU plan.
- (3) Short term incentive plan amounts earned during fiscal 2016 were paid on October 31, 2016. Short term incentive plan financial targets were not achieved during the year, and accordingly only payments linked to discretionary achievements were earned.

## Compensation of Directors

The NCGC Committee reviews the amount and the form of Director compensation. Recommendations to the Board for changes take into consideration the time commitment, risks and responsibilities of Directors. The Committee also reviews the Board compensation at peer companies.

During the fiscal year 2013, the Board engaged an independent compensation consulting firm to review the compensation of the Board. Based on this analysis, effective with the fiscal year 2014 the Board compensation structure was changed from a retainer and per meeting fee, paid as all cash compensation, to a fixed fee annual retainer paid in a combination of cash and deferred share units. The Committee believes these changes will further align the Directors' interests with the interests of Shareholders by linking a portion of annual Director compensation to the future value of the Shares.

To deliver the share-based compensation component, on recommendation by the NCGC Committee and independent review and analysis by an external compensation consultant, the Board adopted a Deferred Share Unit Plan ("**DSU Plan**"). DSUs are notional Common Shares of the Company that vest immediately upon the date of grant and are settled in cash at the time the respective Director ceases to be a member of

the Board. Each DSU has an initial value equal to the market value of one common share of the Corporation at the time the DSU is credited to the Director. The value of a DSU when redeemed for cash is equivalent to the market value of a common share of the Corporation at the time of redemption. DSUs are adjusted for dividends in the form of additional DSUs at the same rate as dividends are declared and paid on Common Shares. A Director cannot redeem the DSUs until he or she ceases to be a member of the Board, at which point the DSUs shall be valued as of such date and paid to the Director in cash within 20 business days. The Board has the right, in its sole discretion, to amend, suspend or terminate the DSU Plan or any portion thereof at any time, provided, however, that: (i) such amendment, suspension or termination is subject to any regulatory or Board approval and in accordance with applicable laws; (ii) such amendment, suspension or termination does not materially adversely affect any of the rights already accrued under the Plan by a Director without the consent of such Director and does not accelerate payment of the benefits under the Plan.

Under this structure, the Chairman shall receive total annual compensation of \$55,000 and each of the other independent, non-employee Board members shall receive total annual compensation of \$40,000. Such amounts shall be paid on a quarterly basis 50 percent in cash and 50 percent in the form of DSUs which shall track the performance of the Common Shares over time. The number of DSUs granted shall be calculated based on the cash value of the award divided by the fair market value of the common stock of the Corporation at the date of grant. Additionally, the Chair of the Audit Committee shall receive an additional cash retainer of \$5,000.

Subsequent to August 31, 2016, and in support of management initiatives for profitability improvement, each of the members of the Board of Directors voluntarily reduced their total annual compensation by 10% effective for fiscal 2017.

The following table sets forth compensation of the Directors of the Corporation for the fiscal year ended August 31, 2016:

Name	Fees earned <sup>(2)</sup>	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total (\$)
Paul R. Daoust <sup>(1)</sup>	\$26,600	\$ 26,600	\$ -	\$ -	\$ -	\$ -	\$53,200
Richard D. Innes	\$20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$40,000
G. Edmund King	\$27,500	\$ 27,500	\$ -	\$ -	\$ -	\$ -	\$55,000
Kathryn A. Welsh	\$25,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$45,000

(1) Mr. Daoust's cash fee compensation is earned and paid in US dollars. Amounts shown in the chart are Canadian dollars, translated at 1.33 CAD/USD representing the average exchange rate in effect over the course of the period base compensation was paid throughout the fiscal year.

The following table sets forth all share-based compensation awards outstanding for the Directors on August 31, 2016:

Name	Number of unvested outstanding DSUs <sup>(1)</sup>	Number of vested outstanding DSUs <sup>(1)</sup>	Market or payout value of share-based awards that have not vested <sup>(2)</sup>
Paul R. Daoust	-	62,433	\$74,295
Richard D. Innes	-	55,020	\$65,474
G. Edmund King	-	75,652	\$90,026
Kathryn A. Welsh	-	55,020	\$65,474

- (1) DSUs vest upon grant. The number of outstanding vested DSUs reflects the cumulative underlying number of notional shares as of the end of the most recent fiscal year. Such amounts include adjustment for dividends declared and paid on the Common Shares of the Corporation.
- (2) The market value at August 31, 2016 in the chart is based on the fair market value under the DSU Plan at that date of \$1.19.

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

During the 2015 fiscal year, none of the Corporation's Directors and executive officers was indebted to the Corporation or any of its subsidiaries, and no indebtedness of any Director or executive officer was guaranteed or otherwise supported by the Corporation or any of its subsidiaries.

### **Interest of Management and Others in Material Transactions**

Except as set forth below, none of the Corporation's Directors, executive officers or principal Shareholders, nor any of their respective associates or affiliates, had a direct or indirect material interest in any transaction or proposed transaction within the three most recently completed financial years or during the current financial year which has materially affected or will materially affect the Corporation.

Pursuant to its lease agreements, the Corporation paid rent for its Toronto office to an affiliated company owned by a Shareholder, C. Douglas Caldwell, registered as owning more than ten percent of the Corporation in the amount of \$223,461 for the fiscal year ended August 31, 2016 (2015: \$223,461; 2014: \$200,343). The amount of consideration agreed to by the parties was determined to be fair market rental rates at the inception of the lease by an independent commercial real estate counselor and was approved by the independent members of the Board.

Effective December 23, 2013, the Corporation entered into subscription agreements with certain senior search professionals, officers and Directors of the Corporation for the purchase of Shares on a private placement basis (the "**Private Placement**"). Pursuant to the Private Placement, the Corporation issued an aggregate of 3,934,647 Shares, of which 3,382,647 Shares were subscribed to by senior search professionals and 552,000 Shares were subscribed to by officers and Directors of the Corporation, resulting in gross proceeds to the Corporation of \$3,344,450. The Shares were issued at a price of \$0.85 per Share, which was determined on the basis of 100% of the weighted average trading price of the Shares on the TSX for the preceding 10 trading days ended December 2nd, 2013 (following release of the Corporation's Q1 financial results). The Private Placement closed effective January 17, 2014. The Shares issued pursuant to the Private Placement were subject to a hold period which expired on January 17th, 2015. The capital raised pursuant to the Private Placement allowed for continued investments in growing the Corporation's business and the Private Placement was intended to better align the interests of such subscribers with the interests of Shareholders.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **Corporate Philosophy**

The objective of good governance is to enhance value for all Shareholders over the long term. At The Caldwell Partners, we believe that in order to achieve this goal, we must balance client and Shareholder needs. We are in the business of producing superior executive search services for our clients – without them, we have no business, and thus can confer no value to our Shareholders. We also depend on our partners and professional staff to deliver to our clients; then the Shareholders and other stakeholders benefit in the long-run. Our approach to the issues of governance flows out of the characteristics of our business and our Corporation. The Caldwell Partners' business is focused: we find first-rate candidates for our clients. Our success depends on the judgment of our partners and professional staff. We believe that

the atmosphere within which they work directly affects their judgment. To attract and retain exceptional talent, we must provide a professional environment – one that is creative, supportive, and fair and which recognizes achievement.

### **Corporate Governance Highlights**

The Board of Directors consists of 5 Directors, four of whom (Messrs. Daoust, King, Innes and Ms. Welsh) are “independent” Directors within the meaning of National Instrument 52-110 – *Audit Committees*. On March 23, 2010, the Board of Directors appointed Mr. King as its non-executive Chair. Mr. Wallace is not independent, owing to him being an officer of the Corporation. Accordingly, a majority of the Directors are currently independent. The independent Directors hold in-camera sessions at each quarterly-scheduled board meeting and special meetings of the independent Directors are also held as deemed necessary, but not on a scheduled basis. Additionally, the Director who is also a member of management has been excused from portions of meetings, at which open and candid discussion among independent Directors has taken place.

With respect to the election of Directors, the Board has adopted a majority voting policy under which each nominee that stands for election should be elected by the vote of a majority of the Common Shares represented in person or proxy at any meeting for the election of Directors. If any nominee for election as Director receives, from the Common Shares voted at the meeting in person or by proxy, a greater number of votes “withheld” than votes “for” his or her election, the Director will be expected to promptly tender his or her resignation to the Chair of the Board following the meeting, to take effect upon acceptance by the Board. The NCGC Committee will expeditiously consider the Director’s offer to resign and make a recommendation to the Board whether to accept that offer. If each member of the NCGC Committee received a majority withheld vote at the same Shareholder meeting, then the Directors who did not receive a majority withheld vote will appoint a committee amongst themselves to consider the resignations. Within 90 days of the meeting of Shareholders, the Board will make a final decision concerning the acceptance of the Director’s resignation. Any Director who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation.

This process applies only in circumstances involving an “uncontested” election of Directors – where the number of Director nominees does not exceed the number of Directors to be elected. Subject to any restrictions in the constating documents of the Corporation, or under applicable law, where the Board accepts the offer of resignation of a Director and that Director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of Shareholders, fill the vacancy through the appointment of a new Director, or call a special meeting of Shareholders to elect a new nominee to fill the vacant position. If the Board declines to accept any such resignation the Director will continue hold to office for the remainder of his or her elected term.

Regarding term limits, as set forth in the above Director voting process, each Director serves for only a one year term, to be voted upon annually by the Shareholders. The Board does not have a limit on the number of consecutive terms for which a Director may sit.

Regarding Board members on other reporting issuer boards, the following Directors of the Corporation are directors of the reporting issuers indicated:

Name	Issuers
G. Edmund King	Rockcliff Copper Corporation (f/k/a Solvista Gold Corp.) Aurvista Gold Corp. Highvista Gold Corp.
Kathryn A. Welsh	Pizza Pizza Royalty Corp.

The Board of Director's responsibilities for the stewardship of the Corporation are documented in the Board mandate which is attached to the Circular in Schedule "B." These responsibilities include, but are not limited to: adoption of a strategic planning process, identification of principal risks and implementation of risk management systems, succession planning and monitoring of senior management, development of a communications policy and integrity of internal control and management information systems. All independent Board members have full and ready access to the Corporation's Partners at all times and may engage an outside advisor at the expense of the Corporation in appropriate circumstances and subject to the approval of the Board. The Board regularly meets without management present, and has the responsibility for administering the Board's relationship to management.

Also within the responsibilities of the Board of Directors, directly and through its NCGC Committee, lies the responsibility to identify and review independent Directors, for competencies, skills and personal qualities of candidates to be considered for nomination to the Board. The objective of this review is to maintain a Board composition that provides the best mix of skills and experience to provide for the overall stewardship of the Corporation. The Corporate Governance Committee takes into account the desirability of maintaining a reasonable diversity of personal characteristics such as gender, geographic residence and origin.

The Board through the NCGC Committee is also responsible for Director orientation and education. The NCGC Committee oversees an orientation and education program for new directors and ongoing educational opportunities for all directors. The new director orientation includes information about the Company and its operations and the structure of the Board and its committees. Each new director meets one-on-one with senior management of the Company's operational and administrative areas to enable the director to learn about the various processes and operations of the Corporation. Through these meetings, new directors also gain an appreciation of the skills and competence of the management team. Prior to nomination, candidates for nomination are provided with an explanation of the workload and time commitment required. The full Board is given presentations and reports from the Corporation's operating units and administrative areas on a recurring basis. Special presentations to the Board and to its committees are also made, as appropriate, regarding changes and proposed changes in laws and regulations or other issues relevant to the Corporation or the industry in which it operates. The directors also receive educational presentations throughout the year from management concerning the Company's business, the industry and its operations.

In response to the capital markets' desire for more clarity and information, the Board of Directors has adopted a position regarding diversity including gender diversity which is set out below. However, all Directors must possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the Shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. Each Director should also have outstanding ability in his or her individual fields of expertise and be able to devote necessary time to Board matters. Currently, there is one woman Director on the Board, representing 20% of the number of

Directors. Currently two of the five Named Executive Officers are women, representing 40% gender diversity within the Named Executive Officers.

Diversity Policy: The Board strongly supports the principle of boardroom and executive officer 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 within the executive officers and to make appointments on merit and against objective criteria, including diversity. Board and committee members and executive officers engaged in nominations and hiring are to conduct searches for potential nominees and hires so as to put forward a diverse range of candidates, including women candidates. The Board has not set specific targets as to the number of women Board members and executive officers it will maintain given the relatively small number of Directors and executive officers it currently has, the infrequent turnover of Directors and officers and the Board's philosophy that first and foremost, it should seek the most qualified Directors and officers regardless of personal characteristics.

The Board has, together with the Chief Executive Officer, developed a detailed position description for the Chief Executive Officer, as well as specific objectives which the Chief Executive Officer is responsible for meeting. Among other things, the Chief Executive Officer is responsible for developing and recommending to the Board business plans and budgets that support the Corporation's long-term strategy. Those strategies are developed by the senior management team for discussion and approval by the Board.

The Board of Directors has also developed detailed lists of mandates for the NCGC Committee, the Audit Committee and the Investment Committee and the Directors forming part of such committees.

The Nominating/Corporate Governance/Compensation Committee, all of the members of which are independent, has a mandate which includes, but is not limited to:

- a) Reviewing, developing and proposing to the Board the necessary policies and procedures to ensure that all employees and Directors of the Corporation will be fairly and competitively compensated. Special attention is devoted to the executive group.
- b) Ensuring through review and recommendations to the Board that Directors of the Corporation will be fairly and competitively compensated. The committee with Board approval has determined that the compensation of independent Directors is fair. Only independent Directors receive fees for their services.
- c) To evaluate annually the performance of the CEO against predetermined goals and criteria and to recommend to the Board the amount of compensation to be paid to the CEO.
- d) To review annually the CEO's evaluation of the performance of the other executive officers of the Corporation and its major subsidiaries and the CEO's recommendations with respect to the amount of compensation to be paid to the other executive officers.
- e) Developing the Corporation's approach to governance and Board effectiveness.
- f) Facilitating the process of identifying independent Director nominees. Independent Directors participate fully in all discussions related to the nomination of Directors. The committee has concluded that the size and composition of the Corporation's proposed Board is adequate and meets the interests of Shareholders.
- g) Overseeing the onboarding of new Directors including a formal orientation and education program for new independent Directors.

The Audit Committee, all of the members of which are independent, has a mandate (set forth in full in the Company's Annual Information Form filed on SEDAR) which includes, but is not limited to:

- a) Assisting the Board by reviewing the adequacy and effectiveness of financial and reporting processes including:
  - (i) Systems of internal and financial controls;
  - (ii) selection of accounting policies and principles;
  - (iii) preparation and audit of financial reports;
  - (iv) review of financial risk management functions; and
  - (v) monitoring of certain other financial matters.
- b) Overseeing and monitoring the appointment, independence and performance of the internal and external auditors. The Audit Committee has implemented the Canadian Public Accountability Board recommended guidelines for the oversight of external auditors, including the implementation of a structured annual assessment process and a periodic comprehensive review.
- c) Establishing and monitoring procedures for handling concerns and complaints related to financial matters.
- d) Approving, on behalf of the Board, certain financial and other matters as delegated by the Board.
- e) Reviewing and making recommendations for approval of annual financial statements, management's discussion and analysis of the financial condition of the Corporation and the results of its operations for release to Shareholders.
- f) Reviewing and approving for recommendation to the Board for approval the interim financial statements, management's discussion and analysis of the financial condition of the Corporation and the results of its operations for release to Shareholders.
- g) Conducting independent investigations into matters that may come under its scope of responsibilities.

The Investment Committee, comprising a majority of independent Directors, has a mandate which includes, but is not limited to:

- a) Approving appropriate investment policies from time to time for recommendation to the Board;
- b) Approving the Corporation's investment asset classes and mix and related strategies for such classes for recommendation to the Board;
- c) Approving procedures to ensure investments are aligned with approved investment policy and related strategies;
- d) Approving investment mix, risk and hedging;
- e) Appointing investment managers, if any, of surplus funds, approving the proportion of assets allocated to such investment managers and reviewing each investment manager's performance;
- f) Reviewing management reports to monitor the performance of investments and the effectiveness of the investment;
- g) Reviewing with management the Corporation's cash flow projections to ensure there is sufficient liquidity to meet business requirements.

h) Reviewing equity holdings in client securities obtained through the performance of search engagements, and approve any extended holding period after such securities become liquid.

### **CODE OF BUSINESS AND ETHICAL CONDUCT**

The Board has adopted a written code for the Directors, Officers and employees (the “Code”). A copy of the Code is available as posted on SEDAR. A person may also obtain a copy of the code by sending an email request to [investors@caldwellpartners.com](mailto:investors@caldwellpartners.com) or by visiting the Company’s website at <http://www.caldwellpartners.com/about/investor-relations/>. The Board is ultimately responsible for the implementation and administration of this Code and monitors compliance through regular communication with their designated Compliance Officer and Assistant Compliance officer as set forth in the code. The code is reviewed for updates annually by the Board and there have been no material changes since the beginning of the most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

### **DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE**

The Corporation has purchased, at its expense, a liability insurance policy for the directors and officers of the Company and its subsidiaries. This policy covers directors and officers in circumstances including and not limited to where the Corporation is not able to or is prevented from indemnifying them, subject to the terms and conditions outlined in the policy wording. The policy has a limit of \$5,000,000 with a \$100,000 deductible if the claim is indemnifiable by The Corporation. The Corporation paid a total premium of \$15,225 in the last completed financial year.

### **TRANSFER AGENT AND REGISTRAR**

Computershare Trust Company of Canada, at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, is the transfer agent and registrar for the Shares.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) internet website at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the audited consolidated financial statements, management’s discussion and analysis and annual information return for the fiscal year ended August 31, 2016. Copies of such documents may also be obtained upon request from the Corporate Secretary of the Corporation.

**APPROVAL OF INFORMATION CIRCULAR**

The contents and sending of this Information Circular have been approved by the Directors.

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

C. Christopher Beck  
Corporate Secretary

DATED as of January 11, 2017

**THE CALDWELL PARTNERS INTERNATIONAL INC.**

**SCHEDULE A**

**SUMMARY OF PRINCIPAL TERMS AND CONDITIONS OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT**

The following is a summary of the principal terms and conditions of the shareholder rights plan (the "Rights Plan") of The Caldwell Partners International Inc. (the "Corporation"). This summary is qualified in its entirety by, and is subject to, the full text of the Rights Plan between Valiant Trust Company, as Rights Agent and the Corporation, dated as of May 10, 2010. The Rights Plan is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com). All capitalized terms used but not defined in this summary have the meanings ascribed to such terms in the Rights Plan, unless otherwise indicated. In addition, all references to section numbers in this summary refer to section numbers of the Rights Plan, unless otherwise indicated.

*(a) Issuance of Rights*

Holders of Common Shares are entitled to one Right for each Voting Share they hold. The Rights are not exercisable until the Separation Time (see below under the heading "Separation Time"). If a Flip-In Event occurs (see below under the heading "Flip-In Event"), each Right will entitle the registered holder thereof to receive, upon payment of the Exercise Price and any applicable transfer taxes, the number of Common Shares per Right having an aggregate Market Price equal to twice the Exercise Price. The Exercise Price is, subject to adjustment from time to time, \$50.00.

The Rights Plan contains provisions pursuant to which the Exercise Price and/or the number of Rights may be adjusted in certain events, including in the event of a subdivision or consolidation of Common Shares and certain rights offerings.

*(b) Trading of Rights*

Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing the Common Shares and will be transferable only together with the associated Common Shares. Following the Separation Time, separate certificates evidencing the Rights (the "Rights Certificates") will be mailed to holders of record of Common Shares (other than an Acquiring Person (see below under the heading "Acquiring Person") and, in respect of any Rights Beneficially Owned (see below under the heading "Beneficial Ownership") by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such rights). Rights Certificates will also be issued in respect of Common Shares issued after the Separation Time and prior to the Expiration Time to each holder of securities of the Corporation (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such rights) converting securities into or exchanging such securities for Common Shares. The Rights will trade separately from the Common Shares after the Separation Time.

*(c) Separation Time*

The Separation Time is the Close of Business on the tenth Business Day (or such later Business Day as may be determined by the Board of Directors) after the earliest of: (i) the Share Acquisition Date, which is generally the first date of public announcement or disclosure by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person; (ii) the date of the commencement of, or first public announcement or disclosure of the intention of any

Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid so long as such Take-over Bid continues to satisfy the requirements of a Permitted Bid or Competing Permitted Bid); and (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to qualify as such. If any Take-over Bid referred to in (ii) above expires or is terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid is deemed to never have been made. In addition, if the Board of Directors determine, in accordance with the Rights Plan, to waive the application of Section 3.1 to a Flip-in Event, then the Separation Time shall be deemed never to have occurred.

*(d) Acquiring Person*

In general, an Acquiring Person is a Person who is the Beneficial Owner of 20% or more of the Corporation's outstanding Common Shares. Excluded from the definition of "Acquiring Person" are the Corporation and any of its Subsidiaries, and any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares as a result of one or any combination of (i) a Corporate Acquisition, (ii) a Permitted Bid Acquisition, (iii) a Corporate Distribution, (iv) an Exempt Acquisition, or (v) a Convertible Security Acquisition, as such terms are defined in the Rights Plan.

The definition of "Acquiring Person" also excludes any underwriter or member of a banking or selling group that acquires 20% or more of the Common Shares in connection with the distribution of securities, including by way of a private placement of such securities to the public.

*(e) Beneficial Ownership*

In general, a Person is deemed to "Beneficially Own" Common Shares actually held by others in circumstances where those holdings are or should be grouped together for purposes of the Rights Plan. Included are holdings by the Person's Affiliates (generally, a person that controls, is controlled by, or under common control with, another person) and Associates (generally, relatives sharing the same residence). Also included are securities of which a Person or any of the Person's Affiliates or Associates has the right to acquire (i) on the exercise, conversion or exchange of Convertible Securities (generally, any securities issued by the Corporation carrying any purchase, exercise, conversion or exchange right pursuant to which the holder may acquire Common Shares), or (ii) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, in each case if such right is then exercisable or exercisable within a period of 60 days (other than (A) customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a distribution of securities; or (B) pledges of securities in the ordinary course of the pledgee's business). A Person is also deemed to "Beneficially Own" any securities that are Beneficially Owned (as described above) by any other Person with which, and in respect of which security, such Person is acting jointly or in concert.

Notwithstanding the above, a Person shall not be deemed to "Beneficially Own" any security as a result of the existence of any one or more of the following circumstances:

- i. such security has been deposited or tendered, pursuant to a Take-over Bid made by such Person or made by any Affiliate or Associate of such Person or made by any other Person with whom and in respect of which security such Person is acting jointly or in concert, unless such deposited or tendered security has been accepted unconditionally for payment or exchange or has been taken up and paid for, whichever shall first occur;

- ii. by reason of the holder of such security having agreed pursuant to a Permitted Lock-up Agreement to deposit or tender such security pursuant to a Takeover Bid made by any such Person or any of such Person's Affiliates or Associates or any other Person with whom, and in respect of which security, such Person is acting jointly or in concert, unless such deposited or tendered security has been accepted unconditionally for payment or exchange or has been taken-up and paid for, whichever shall first occur;
- iii. where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:
  - a. the ordinary business of any such Person (the "Investment Manager") includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and is limited to the acquisition or holding of securities for a nondiscretionary account of a Client (as defined below) by a dealer or broker registered under applicable securities laws to the extent required and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a "Client");
  - b. such Person (the "Trust Company") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "Estate Account") or in relation to other accounts (each an "Other Account") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts;
  - c. such Person (the "Statutory Body") is established by statute for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies and the Statutory Body holds such security in the ordinary course of and for the purposes of the management of such investment funds;
  - d. such person (the "Administrator") is the administrator or trustee of one or more pension funds or plans (a "Plan") registered under the laws of Canada or any Province thereof or the corresponding laws of the jurisdiction by which such Plan is governed and the Administrator holds such security for the purposes of its activities as such; or
  - e. such Person is a Crown agent or agency;

but only if the Investment Manager, the Trust Company, the Statutory Body, the Administrator or the Crown agent or agency, as the case may be, (A) did not acquire and does not Beneficially Own or hold such security for the purpose of or with the effect of changing or influencing the control of the Corporation thereof, either alone or acting

jointly or in concert with any other Person, or in connection with or as a participant in any transaction having that purpose or effect, (B) is not then making a Take-over Bid in respect of securities of the Corporation or has not then announced an intention to make a Take-over Bid in respect of securities of the Corporation and (C) is not then acting jointly or in concert with any other Person who is making a Take-over Bid or who has announced an intention to make a Take-over Bid, other than an Offer to Acquire Voting Shares or other securities (1) pursuant to a distribution by the Corporation or (2) by means of a Permitted Bid or a Competing Permitted Bid, or (3) by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of the business of such Person executed through the facilities of a stock exchange or organized over-the-counter market;

iv. because such Person is

- a. a Client of or has a non-discretionary account with the same Investment Manager as another Person on whose account the Investment Manager holds such security;
- b. an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security; or
- c. a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;

v. where such Person is

- a. a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager;
- b. an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company; or
- c. a Plan and such security is owned at law or in equity by the Administrator of the Plan; or

vi. where such Person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of the securities depository.

*(f) Flip-in Event*

A Flip-in Event occurs when any Person becomes an Acquiring Person. As provided in Section 3.1 of the Rights Plan, in the event that, prior to the Expiration Time, a Flip-in Event which has not been waived by the Board occurs (see below under the heading “Waiver of Flip-In Events”), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person, an Affiliate or Associate of an Acquiring Person or a joint actor (or a transferee of such a Person), which Rights will become null and void) shall, effective at the Close of Business on the tenth Trading Day after the Share Acquisition Date, constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms of the Rights Plan, that number of Common Shares as have an aggregate Market Price on the date of the consummation or occurrence of such Flip-in Event equal to twice the Exercise Price upon payment of an amount in cash equal to the Exercise Price (such Right being subject to anti-dilution adjustments).

*(g) Permitted Bid and Competing Permitted Bid*

A “Permitted Bid” is a Take-over Bid made by means of a take-over bid circular for all of the outstanding Common Shares and which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of Common Shares of record, other than the Offeror for all Common Shares held by them;
- (ii) the Take-over Bid contains, and the provisions for take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
  - (A) the Take-over Bid shall be made to all registered holders of Voting Shares (other than the Offeror, its Affiliates and Associates and Persons acting jointly or in concert with the Offeror), for all Voting Shares held by them;
  - (B) the Take-over Bid shall contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Voting Shares or Convertible Securities shall be taken up or paid for pursuant to the Takeover Bid (i) prior to the close of business on the date which is not less than sixty (60) days following the date of the Take-over Bid, and (ii) only if, at such date, more than fifty percent (50%) of the aggregate of (A) then outstanding Voting Shares and (B) Voting Shares issuable upon the exercise of Convertible Securities, held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn;
  - (C) the Take-over Bid shall contain an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares and Convertible Securities may be deposited pursuant to such Take-over Bid at any time during the period of time described in Clause (b)(i) of Section 1.1(31) of the Rights Plan and that any Voting Shares or Convertible Securities deposited pursuant to the Take-over Bid may be withdrawn at any time until taken up and paid for; and
  - (D) the Take-over Bid shall contain an irrevocable and unqualified provision that in the event the deposit requirement set forth in Clause (b)(ii) of Section 1.1(31) of the Rights Plan is satisfied: (A) the Offeror will make a public announcement of that fact; and (B) the Take-over Bid will remain open for deposits and tenders of Voting Shares and/or Convertible Securities for not less than ten (10) Business Days from the date of such public announcement.

A “Competing Permitted Bid” is a Take-over Bid that:

- i. is made while another Permitted Bid is in existence; and
- ii. satisfies all the components of the definition of a Permitted Bid, other than the requirements set out in Clause (b) of the definition of a Permitted Bid in the Rights Plan which shall be satisfied if the Take-over Bid shall contain, and the take up and payment for securities tendered and deposited thereunder shall be subject to, an

irrevocable and unqualified condition that no Common Shares or Convertible Securities shall be taken up or paid for pursuant to a Competing Permitted Bid prior to the close of business on the date that is no earlier than the date which is the later of thirty-five days after the date of the Competing Permitted Bid is made or sixty days after the earliest date on which any other Permitted Bid or Competing Permitted Bid that is then in existence was made, and only if, at that date, more than fifty per cent of the aggregate of (A) the then outstanding Common Shares and (B) Common Shares issuable upon conversion of all Convertible Securities held by Independent Shareholders have been deposited or tendered to the Competing Permitted Bid and not withdrawn.

*(h) Redemption and Termination*

With the prior consent of the holders of Common Shares or Rights obtained as described under the heading “Waiver of Flip-In Events” below, as applicable, the Board of Directors may, at any time prior to the occurrence of a Flip-in Event which has not been waived, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.00001 per Right, appropriately adjusted as provided for in the Rights Plan (such redemption price being herein referred to as the “Redemption Price”).

If a Person acquires, pursuant to a Permitted Bid, a Competing Permitted Bid or certain Exempt Acquisitions, outstanding Common Shares and/or Convertible Securities, the Board of Directors shall immediately upon such acquisition and without further formality, be deemed to have elected to redeem the Rights at the Redemption Price.

Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid expires, is terminated or is otherwise withdrawn after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all of the outstanding Rights at the Redemption Price.

If the Board of Directors elect or are deemed to have elected to redeem the Rights and, if applicable, the requisite consent is given by the holders of Common Shares or Rights, as applicable, (i) the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price, and (ii) subject to the terms of the Rights Plan, no further Rights shall thereafter be issued.

Within 10 Business Days of the Board of Directors electing or having been deemed to have elected to redeem the Rights or, if applicable, within 10 Business Days after the requisite consent is given by the holders of Common Shares or Rights, as applicable, the Corporation shall give or cause to be given notice of redemption to the holders of the outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the Rights Register or, prior to the Separation Time, on the register of Common Shares maintained by the Corporation’s transfer agent or transfer agents.

Upon the Rights being redeemed, all the provisions of the Rights Plan shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and, for all purposes of the Rights Plan, the Separation Time shall be deemed not to have occurred and Rights shall remain attached to the outstanding Common Shares, subject to and in accordance with the provisions of the Rights Plan.

*(i) Waiver of Flip-in Events*

With the prior consent of the holders of Common Shares obtained as specified below under the heading “Supplements and Amendments”, the Board of Directors may, at any time prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Common Shares otherwise than in the circumstances described in the following two paragraphs below, waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent.

The Board of Directors may, at any time prior to the occurrence of a Flip-in Event that would occur by reason of a Take-over Bid made by means of a take-over bid circular sent to all holders of record of Common Shares, waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent, provided, however, that if the Board of Directors do so, the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a takeover bid circular sent to all holders of record of Common Shares prior to the expiry, termination or withdrawal of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted.

The Board of Directors may waive the application of Section 3.1 to a Flip-in Event provided that (a) the Board of Directors has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person; and (b) such Acquiring Person (i) has reduced its Beneficial Ownership of Common Shares such that, at the time of the waiver, it is no longer an Acquiring Person; or (ii) covenants in favour of the Corporation, on terms acceptable to the Board of Directors, to reduce its Beneficial Ownership of Common Shares within a period of time specified by the Board of Directors such that, at the time the waiver becomes effective at the expiry of such period of time, it is no longer an Acquiring Person.

*(j) Supplemental Amendments*

The Corporation may from time to time prior to or after the Separation Time amend, supplement or restate the Rights Plan without the approval of any holders of Rights or Common Shares in order to correct any clerical, typographical or patently obvious error or to maintain the validity of the Rights Plan as a result of a change in any applicable legislation or regulation or the rules thereunder. The Corporation may, prior to the date of the Shareholders’ meeting, amend, supplement or restate the Rights Plan without the approval of any holders of Common Shares or Rights.

Subject to the amendments described above, the Corporation may, at any time prior to the Separation Time, with the prior consent of the holders of Common Shares obtained as set forth below, or after the Separation Time, with the prior consent of the holders of Rights obtained as set forth below, amend, supplement, restate or rescind any of the provisions of the Rights Plan and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of the holders of Rights and representing a majority of the vote cast in respect thereof.

Any amendments, supplements or restatements made by the Corporation to the Rights Plan which are required to maintain the validity and effectiveness of the Rights Plan as a result of any change in any applicable laws, rules or regulatory requirements shall, if made before the Separation Time, be submitted to the holders of Common Shares at the next meeting of holders of Common Shares and the holders of Common Shares may, by the majority referred to in the paragraph above,

confirm or reject such amendment, supplement or restatement and, if made after the Separation Time, be submitted to the holders of Rights at a meeting of the holders of Rights and the holders or Rights may, by the majority referred to above, confirm or reject such amendment, supplement or restatement.

The Corporation shall give notice in writing to the Rights Agent of any amendment, supplement or restatement to the Rights Plan within five Business Days of the date of any such amendment, supplement or restatement.

**THE CALDWELL PARTNERS INTERNATIONAL INC.**

**SCHEDULE B**

**MANDATE OF THE BOARD OF DIRECTORS**

The Board of Directors (the “Board”) of the Corporation is responsible for the stewardship of the Corporation and fostering its long-term success. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation and its shareholders. In general terms, the Board will:

1. In consultation with the Chief Executive Officer of the Corporation (the “CEO”), define the principal objectives of the Corporation;
2. Supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation’s principal objectives as defined by the Board, subject to the CEO being responsible for day-to-day management of the Corporation;
3. Discharge the duties imposed on the Board by applicable laws; and
4. For the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties:

**Strategic Direction, Operating, Capital and Financial Plans**

1. Require the CEO to present annually to the Board a longer range strategic plan and a shorter range business plan for the Corporation’s business, which plans must:
  - (a) Be designed to achieve the Corporation’s principal business objectives;
  - (b) Identify the principal strategic and operational opportunities and risks of the Corporation’s business; and
  - (c) Be approved by the Board as a pre-condition to the implementation of such plans.
2. Review progress towards the achievement of the goals established in the strategic, operating and capital plans;
3. Identify the principal risks of the Corporation’s business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
4. Approve the annual operating and capital plans;
5. Approve acquisitions and business combinations;

6. Approve issuances of additional common shares or other securities to the public;
7. Approve issuances of additional common shares or other securities via a private placement;
8. Monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

### **Management and Organization**

1. Appoint the CEO and determine the terms of the CEO's employment with the Corporation;
2. Evaluate the performance of the CEO at least annually;
3. In consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;
4. In consultation with the CEO, appoint all officers of the Corporation and approve the terms of each officer's employment with the Corporation;
5. Approve any proposed significant change in the management organization structure of the Corporation;
6. Approve any and all retirement plans for officers and senior management of the Corporation;
7. In consultation with the CEO, establish a communications policy for the Corporation;
8. Generally provide advice and guidance to management;
9. Be responsible for succession planning with respect to both the Board and senior management. This responsibility may be delegated to the Corporate Nominating/Corporate Governance/Compensation Committee of the Board;

### **Finances and Controls**

1. Use reasonable efforts to ensure that the Corporation maintains appropriate systems to manage the risks of the Corporation's business;
2. Review and approve compensation of CEO and CEO's corporate direct reports
3. Monitor the appropriateness of the Corporation's capital structure;
4. Ensure that the financial performance of the Corporation is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
5. Establishing, reviewing and updating periodically a Code of Business Conduct and Ethics (the "Code") and ensuring that management has established a system to monitor

compliance with this code; and

6. Establishing, reviewing and updating periodically a Whistleblower Policy and ensuring that management has established a system to monitor compliance with this code; and
7. Require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees;
8. Require that the CEO institute and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation;
9. Review and approve material contracts to be entered into by the Corporation;
10. Review and approve dividends for declaration;
11. Recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporate auditors and to set the annual remuneration of the chartered accountants;
12. Take all necessary actions to gain reasonable assurance that all financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) is accurate and complete and represents fairly the Corporation's financial position and performance;

## **Governance**

1. Facilitate the continuity and effectiveness of the Board by, amongst other things,
  - (a) Selecting nominees for election to the Board;
  - (b) Appointing a Chair of the Board;
  - (c) Appointing from amongst the directors an audit committee, nominating/corporate governance/compensation committee, investment committee and such other committees of the Board as the Board deems appropriate;
  - (d) Defining the mandate of each committee of the Board;
  - (e) Ensuring that processes are in place and are utilized to assess the size of the Board, the effectiveness of the Chair of the Board, that Board as a whole, each committee of the Board and each director;
  - (f) Providing an orientation and education program to new members of the Board as deemed necessary; and
  - (g) Enabling any director to engage and outside adviser at the expense of the Corporation, subject to approval of a meeting of the independent directors;
2. Review annually the adequacy and form of the compensation of directors;

3. Approve annually a statement of corporate governance practices to be included in the Corporation's annual report or information circular as required by the Toronto Stock Exchange and any other regulatory authority;
4. Determine annually which directors should be classified as "independent" directors, "related" directors or "unrelated" directors pursuant to any such report or circular; such determinations will be governed by regulations and guidelines currently in effect when the determination is made.
5. Hold regular, in-camera meetings of the independent directors only, without management or related directors present.

### **Delegation**

The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

### **Meetings and Administrative Matters**

1. At all meetings of the Board every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall be entitled to a second or casting vote.
2. The Chair shall preside at all meetings, unless the Chair is not present, in which case the members of the Board present shall designate from among the members present the Chair for purposes of the meeting.
3. A quorum for meetings of the Board shall be a majority of its members.
4. Meetings of the Board should be scheduled to take place at least four times per year and at such other times as the Chair may determine.
5. Agendas, approved by the Chair, shall be circulated to Board members along with background information on a timely basis prior to the Board meetings.
6. The Board may invite such officers, directors and employees of Caldwell as it may see fit from time to time to attend at meetings of the Board and assist thereat in the discussion and consideration of the matters being considered.
7. Minutes of the Board will be recorded and maintained and circulated to all directors prior to the next meeting of the Board.
8. The Board may retain, at the expense of the Corporation, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities.
9. Ensure that the independent directors meet regularly, and in no case less frequently than quarterly, without non-independent directors or management present.