

# GUARDIAN CAPITAL GROUP LIMITED

## MANAGEMENT INFORMATION CIRCULAR

### Proxy Solicitation

This circular is being mailed to all shareholders of Guardian Capital Group Limited (the "Corporation") accompanying the attached Notice of the Annual Meeting of Shareholders to be held on May 11, 2018 (the "Meeting"). **Proxies for the Meeting are being solicited by the Corporation's management from the holders of Common Shares.** Solicitations will be made by mail, telephone or other personal contact. All costs of the solicitation are being borne by the Corporation.

### Revoking of Proxies

A holder of Common Shares who has given a proxy may revoke the proxy at any time by: (i) the shareholder or the shareholder's attorney indicating such revocation in writing; (ii) a telephonic or electronic revocation that is signed electronically; or (iii) any other manner permitted by law. Such revocation must be received at the offices of the Corporation, Suite 3100, Commerce Court West, P.O. Box 201, Toronto, Ontario M5L 1E8 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or by the Chairman at the Meeting, or any adjournment thereof.

### Voting of Proxies

The shareholder proxy form provides for the holder of Common Shares to instruct the proxyholder to vote for, or to withhold from voting, on certain matters. **Shares represented by proxies received will be voted as instructed on the proxies, on any vote by ballot. If a proxy is signed but no instruction is given on the proxy with regard to a specific matter, the shares will be voted as recommended by management.**

### Shares Entitled to Vote

As of March 29, 2018, the authorized capital of the Corporation consists of an unlimited number of common shares ("Common Shares") and an unlimited number of non-voting Class A shares ("Class A Shares"), of which 3,218,919 Common Shares and 25,793,332 Class A Shares are issued and outstanding. The directors of the Corporation have fixed April 6, 2018 (the "Record Date") as the record date for determining the shareholders entitled to receive notice of the Meeting.

Each holder of Common Shares as of the Record Date is entitled to one vote per share in respect of all items to be voted upon at the Meeting. **Each holder of Class A Shares as of the Record Date is entitled to attend and to speak at the Meeting, but is not entitled to vote at the Meeting.** The rights of holders of Common Shares to vote may be exercised by being present at the Meeting or by completing, signing and returning the attached, or any other similar, form of proxy. If a holder has transferred Common Shares after the Record Date, the new holder of such Common Shares will be entitled to vote such shares, upon making a written request to that effect not later than 10 days preceding the date of the Meeting, to the Secretary of the Corporation, and establishing that such person owns such Common Shares.

The Articles of the Corporation currently provide that each outstanding Class A Share shall be converted into one Common Share, if any person, other than an insider of the Corporation, acquires ownership, control or direction over in excess of 50% of the issued and outstanding Common Shares, or makes an offer to all Common shareholders to buy Common Shares, unless holders of 50% or more of the Common Shares do not tender to the offer or unless a substantially similar offer is made concurrently to the Class A shareholders.

The only persons or companies, of whom the Corporation is aware, who own, directly or indirectly, or who exercise control over, more than 10% of the issued and outstanding Common Shares are:

<u>Name</u>	<u>Type of Ownership</u>	<u>Number of Common Shares</u>	<u>Percentage of Outstanding Common Shares</u>
Minic Investments Limited <sup>(1)</sup>	Of Record	1,586,930	49.30%
Rosemary Short	Of Record	599,430	18.62%

<sup>(1)</sup> Minic Investments Limited is a corporation of which A. Michael Christodoulou, a director of the Corporation, is currently the President. Minic Investments Limited is owned by The Christodoulou 2004 Family Trust, a discretionary trust of which the children of the late John Christodoulou are possible beneficiaries.

### **Non-Registered Shareholders**

Only registered holders of Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. In many cases, Common Shares and Class A Shares beneficially owned by a person (a "Non-Registered Holder") are registered either (i) in the name of an intermediary (an "Intermediary") (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Holders of Securities of a Reporting Issuer*, the Corporation will arrange for the distribution of copies of the notice of the Meeting (the "Notice of Meeting"), this Management Information Circular and, for holders of Common Shares, the enclosed form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived his or her right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders of Common Shares who have not waived the right to receive Meeting Materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the applicable form of proxy and submit it to Computershare Investor Services Inc., Attention: Proxy Department (by facsimile: 1-866-249-7775), with respect to the Common Shares beneficially owned by such Non-Registered Holder, in accordance with the instructions elsewhere in this circular; or
- (ii) more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute authority and instructions (often called a "Proxy Authorization Form") which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions which contains a removable label containing a bar-code or other information. In order for the form of proxy to validly constitute a Proxy Authorization Form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly

complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the Non-Registered Holder of Common Shares to direct the voting of the shares he or she beneficially owns.

**Should a Non-Registered Holder of Common Shares who receives either form of proxy wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or Proxy Authorization Form is to be delivered.**

### Matters to be Considered at the Meeting

#### **1. Presentation of the 2017 Financial Statements**

The Annual Report of the Corporation, including the consolidated financial statements of the Corporation and subsidiaries for the year ended December 31, 2017 and the auditors' report thereon, accompanies this Management Information Circular, and will be presented at the Meeting.

#### **2. Election of Directors**

##### **2.1 The Board of Directors and their Election**

The Board of Directors (the "Board") currently consists of eight members, who are elected annually and whose terms of office will expire at the close of the Meeting. Each of the current directors was elected at the 2017 Annual Meeting of Shareholders. Each director elected at the Meeting will hold office until the next annual meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The election of directors will take place on an individual basis, rather than as an election of a "slate". The Corporation has adopted a "Majority Voting Policy" (the "Voting Policy"), as defined by the Toronto Stock Exchange (the "TSX") in the TSX Company Manual (the "Manual"). The Voting Policy deals with the procedures which the Corporation will follow with regard to the voting which takes place at any meeting of the holders of Common Shares, at which voting is to take place for the positions as directors of the Corporation, and at which the number of nominees for election as a director is equal to the number of directors to be elected (an "Uncontested Election"). In an Uncontested Election, the Voting Policy requires, among other things, that each director be elected by the vote of a majority of the Common Shares voted at the meeting, and that each nominee for election as a director for whom less than a majority of the votes cast are voted "for" his or her election, tender his or her resignation as a director. The Voting Policy contains provisions dealing with the timing of the acceptance of such resignations, the failure to submit a resignation, and other related provisions which are required by the Manual.

##### **2.2 Information Pertaining to the Nominees for Election**

Each of the eight persons listed below is proposed to be nominated for election as a director of the Corporation for the ensuing year. Management does not contemplate that any of the proposed nominees will be unable to serve as a director if elected, but if that should occur for any reason prior to the Meeting, the persons named in the form of proxy reserve the right to vote in their discretion for another nominee as director, unless authority to vote the proxy in the election of directors is withheld.

The following information is furnished with respect to the eight persons proposed to be nominated for election as directors:

Name	Office held with the Corporation	Date became Director	Attendance at 2017 Directors' Meetings	Number of shares of the Corporation owned, or over which control is, or may be exercised <sup>(4)</sup>
James S. Anas <sup>(2)(3)(6)</sup> Burlington, Ontario	Director, Chairman of the Board	May, 2005	8 of 8	7,500 Common 6,400 Class A
A. Michael Christodoulou <sup>(1)</sup> Toronto, Ontario	Director, Senior Vice-President, Strategic Planning & Development	August, 2011	8 of 8	5,000 Common 17,500 Class A <sup>(5)</sup>
Petros Christodoulou <sup>(6)</sup> Athens, Greece	Director	May, 2016	8 of 8	Nil Common Nil Class A
Harold W. Hillier <sup>(2)(3)(6)</sup> Stouffville, Ontario	Director	May, 2011	8 of 8	50,000 Common
George Mavroudis Toronto, Ontario	Director, President & Chief Executive Officer	November, 2011	8 of 8	84,100 Common
Edward T. McDermott <sup>(1)(3)(6)</sup> Unionville, Ontario	Director	May, 2013	8 of 8	250 Common 10,800 Class A
Barry J. Myers <sup>(1)(2)(6)</sup> Toronto, Ontario	Director	November, 2009	8 of 8	11,300 Class A
Hans-Georg Rudloff <sup>(3)(6)</sup> London, United Kingdom	Director	May, 2014	8 of 8	50,300 Class A <sup>(7)</sup>

(1) Member of the Corporation's Governance Committee.

(2) Member of the Corporation's Audit Committee.

(3) Member of the Corporation's Compensation Committee.

(4) Information provided by the respective nominees.

(5) The following shares are held by Minic Investments Limited, a company of which Mr. A. Michael Christodoulou is currently the President: 1,568,930 Common Shares; and 4,520,850 Class A Shares.

(6) Independent Director, as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

(7) These shares are held by Marquard Capital (Bermuda) Limited, which is 79% indirectly controlled by Mr. Rudloff.

The above nominees for election as directors have the following principal occupations:

- a) James S. Anas – Retired executive.
- b) A. Michael Christodoulou – Senior Vice-President, Strategic Planning and Development of the Corporation.
- c) Petros Christodoulou – Principal, Callisto Capital Advisors and a Director of the Aegean Baltic Bank, Athens, Greece.
- d) Harold W. Hillier – Retired Executive and a Director of the Empire Life Insurance Company.

- e) George Mavroudis – President and Chief Executive Officer of the Corporation.
- f) Edward T. McDermott – Lawyer, mediator and arbitrator with ADR Chambers, an alternate dispute resolution practice, and Vice-Chair of the Ontario Labour Relations Board.
- g) Barry J. Myers – Independent advisor.
- h) Hans-Georg Rudloff – Chairman, Marcuard Holding Limited, an investment management holding company; Executive Director, ABD Capital S.A., a real estate company; and Adviser to Thyssen Bornemisza Group Limited, an investment company.

### **2.3 Other Information Pertaining to Nominees**

To the best of the knowledge of the Corporation:

- (i) None of the above nominees is, or has been, within 10 years of the date of this circular, a director or executive officer of a company that:
  - (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for more than 30 days; or
  - (b) become bankrupt, made a proposal under bankruptcy or insolvency legislation 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.
- (ii) None of the above nominees has personally, or had a personal holding company controlled by the nominee, within 10 years before the date of this circular, become bankrupt, made a proposal under bankruptcy or insolvency legislation, become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the nominee's assets.
- (iii) None of the above nominees has personally, or had a personal holding company controlled by the nominee, been subject to penalties or sanctions relating to securities legislation or entered into a settlement with a securities regulatory authority or has been subject to any other penalty or sanction that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **3. Appointment and Remuneration of Auditors**

It is proposed that KPMG LLP, the current auditors of the Corporation, be re-appointed as the auditors of the Corporation to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the directors.

Unless instructed to refrain from voting, the persons named in the enclosed form of proxy intend to vote for the appointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the directors.

### **Statement of Corporate Governance Practices**

Under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "National Instrument") adopted by the Canadian securities regulatory authorities, the Corporation is required to disclose certain information related to its corporate governance, which information follows. The Board believes that this statement provides a clear picture of the Corporation's approach to corporate governance, as it relates to the requirements of the National Instrument.

## **1. Composition of the Board**

The Board currently is composed of eight directors. The Board believes that six of the current directors are "independent", as defined in the National Instrument, as those directors have no direct or indirect relationship with the Corporation which could, in the view of the Board, reasonably interfere with their exercise of independent judgement. The Board believes that two members of the Board, Messrs. A. Michael Christodoulou and George Mavroudis, are not independent, because Mr. Christodoulou is also the Corporation's Senior Vice-President, Strategic Planning and Development and Mr. Mavroudis is its President and Chief Executive Officer (the "CEO").

The Chairman of the Board, Mr. James S. Anas, is an independent director. The Chairman provides leadership to the Board in its oversight of management of the business and affairs of the Corporation. The Chairman chairs meetings of the Board and assists in developing the agenda for those meetings.

The Corporation has not adopted term limits for the members of its Board. The Board places a high value on the stability and long-term focus that longer-serving Board members may bring to bear, while cognizant that re-invigoration and fresh thinking may result from periodic Board membership renewal. In practice, six of the eight directors currently sitting on the Board have joined the Board within the preceding seven years, and two have joined the Board within the preceding four years. Given the significant Board renewal that has taken place in recent years, the Board does not currently see a need to impose formal mechanisms requiring further renewal.

## **2. New Members of the Board**

The Corporation does not have a Nominating Committee. However, the Governance Committee is responsible for proposing new nominees to the Board. The following is the process under which the Governance Committee identifies new Board candidates: a) The members of the Governance Committee, based on their own contacts in the business community or contacts provided by other directors or members of management, are constantly aware of possible candidates for membership on the Board; b) The Governance Committee also utilizes other external resources for recommendations of and input on prospective Board candidates who satisfy the objective criteria established by the Committee for nomination as a candidate for the Board; c) Recommendations are made at a regular Governance Committee meeting, if a possible candidate appears to be particularly suitable as an addition to the Board, or at a special meeting of the Committee, if there is known to be a pending departure from the Board; d) One or more members of the Committee will meet with the possible candidate, to ascertain his or her suitability for the Corporation and the Board, and report to the Committee before the Committee considers and approves the person as a candidate; and e) Upon agreement of the Committee, either the Chair of the Committee or another member, depending upon their familiarity with the candidate, will present a proposal to a meeting of the Board for the candidate to be presented for election as a Board member at the Annual Meeting of Shareholders.

In proposing any candidate for election to the Board, both the Governance Committee and the Board seek to obtain the best possible candidate available, having regard to the current needs of the Board, while recognizing the benefits to the Corporation and its Board of advancing the principles of diversity in all its aspects when determining the composition of the Board. In particular, the Governance Committee and the Board consider the level of representation of women on the Board when identifying and nominating candidates for election or re-election to the Board. When a vacancy occurs on the Board, or the need to add a new Board member is perceived to exist, the Governance Committee first assesses the number and proportion of current directors who are women. Depending on the result of that initial assessment, the Governance Committee takes active steps to seek out potential candidates who are female, and gives close consideration to the background, characteristics and capabilities of the female candidates prior to making a final recommendation to the Board. The Corporation has not adopted a written policy relating to the identification and nomination of women directors, nor has it adopted any specific target for the number or percentage of women that it must have on its Board by a specific date. While the Corporation takes active steps to seek out female candidates to fill existing

vacancies, the Board is of the view that it would not be beneficial to the Corporation to impose artificial deadlines for that purpose, or to increase the size of the Board for the sole purpose of adding a director from any specific gender or identity group. The Board is also mindful of the potential advantages to broadening the diversity of the Board with reference to factors other than gender, and does not wish to constrain itself to considering only one particular factor when conducting searches for Board candidates.

New directors receive orientation on the roles of the Board, the Committees and the directors, and the nature and operation of the Corporation's business, through discussions with other members of the Board and senior management. Orientation on the nature and operation of the Corporation's business is provided by means of personal reports given to the Board by senior members of the management of the Corporation's various businesses.

The Board regularly engages in educational programs and presentations on matters of significance to the successful operation of the Board and the business of the Corporation. The Corporation also encourages Board members to continue their business education by attending outside seminars, if necessary at the Corporation's expense. The Governance Committee also participates in various educational programs in order to enhance its ability to apply best practices to the various issues within its mandate including, in particular, the identification and nomination of new directors.

### **3. Role of the Board**

The Board has the responsibility to oversee the management of the business and affairs of the Corporation.

In addition to regular Board meetings, the Board discharges its duties through three committees – Governance, Audit and Compensation (the "Committees"). Day-to-day management of the Corporation is the responsibility of the Corporation's CEO. In carrying out its duties, the Board has developed written position descriptions for the Board as a whole, the Chairman of the Board, the Chair of each Committee, and the CEO. The Board has the responsibility to oversee:

- strategic planning processes;
- the identification of the principal risks of the business, and that risk management systems are in place and operating;
- systems for audit, internal control and management information;
- the performance and remuneration of senior executives;
- that an adequate personnel and succession planning process is in place; and
- the corporate governance and ethics process, which responsibility is discharged through the Governance Committee.

### **4. Independence from Management**

Although a minority of the directors are also members of management, policies and procedures are in place to enable the Board to function independently of management, as follows:

- the Chair of the Board is an independent director;
- the Board has a majority of independent directors;
- each Committee has a majority of, or is composed entirely of, independent directors;

- from time to time, Committees meet independently of any representatives of management;
- individual directors may engage outside advisors at the expense of the Corporation; and
- the independent directors regularly meet formally separate from any members of management.

## **5. Ethical Business Conduct**

The Corporation emphasizes ethical conduct in all of its dealings with clients, employees and others. This conduct is mandated under its Code of Business Conduct (the "Code"), which applies to all employees, officers and directors of the Corporation and its subsidiaries. Compliance with the Code is monitored by the Governance Committee of the Board. A copy of the Code may be obtained upon request to the Corporation's Secretary, at the Corporation's principal offices. The Governance Committee also monitors adherence to the codes of conduct of certain subsidiaries of the Corporation, which are specific to the businesses of those subsidiaries and are applicable to the employees, officers and directors of such subsidiaries.

If an issue is brought to the attention of the Board, about which a director or executive officer has a material interest: a) the Board discusses such issue in the absence of such director or executive officer; and b) the director or executive officer who has the material interest is requested to excuse himself for any vote on such issue.

## **6. Governance Committee**

The Governance Committee is currently composed of three directors, two of whom are independent, one of whom acts as Chairman of the Committee. Under a written mandate, the Committee is responsible to the Board for governance issues, for proposing new nominees to the Board, and for assessing the composition, independence and effectiveness of the Board and its Committees. The Committee carries out these assessments by conducting informal oral discussions, both between its members and with the feedback and participation of executive management, to satisfy itself that the Board, its Committees and its individual directors are performing effectively. It is also responsible to the Board for overseeing compliance with the Corporation's ethical standards, and dealing with all aspects of the Corporation's ethical behaviour. The Corporation's policy with regard to dealings in securities, stated in the codes of conduct of its subsidiaries, reflects the objective that the interests of clients take absolute precedence over any interests of management or staff. (Members: A. Michael Christodoulou, McDermott (Chair) and Myers).

## **7. Audit Committee**

The Audit Committee is composed of three independent directors, all of whom are financially literate. The Chairman of the Committee has the responsibility of facilitating the carrying out of the mandate and the achievement of the goals and purposes of the Committee. Under its written mandate, the Committee is responsible to the Board for: monitoring the integrity of the Corporation's financial reporting process and systems of internal controls; reviewing and making recommendations to the Board regarding the Corporation's annual and quarterly financial statements and Management's Discussion and Analysis; recommending the annual nomination of the external auditors, approving their compensation and monitoring their performance and independence; establishing procedures for the handling of complaints regarding accounting, internal control or auditing matters; and providing an avenue of communication among the external auditors, management and the Board. (Members: Anas, Hillier and Myers (Chair)).

## **8. Compensation Committee**

The Compensation Committee is currently composed of four independent directors, one of whom acts as Chairman of the Committee. Details about the Committee, including its responsibilities, powers and operations, and the names, skills and experience of the members of the Committee, are set out below

in the "Statement of Executive Compensation" under item 2.7 "Compensation Governance". (Members: Anas, Hillier (Chair), McDermott and Rudloff).

## **9. Gender Diversity**

The Corporation makes executive officer appointments in a manner consistent with its human resources policies generally. The Corporation is committed to the fundamental principle of equal employment opportunity, and is committed to treating people fairly, with respect and dignity, and to offer employment opportunities based upon an individual's qualifications, experience and performance – free from discrimination or harassment because of race, ancestry, place of origin, ethnic origin, colour, citizenship, creed, sex, sexual orientation, gender identity, gender expression, age, marital status, family status, disability or a conviction for an offence for which a pardon has been granted. These principles apply to all aspects, terms and conditions of employment, including recruitment, hiring, training, transfer, promotion and dismissal.

The Corporation has not adopted any specific target for the number or percentage of women that it must have in executive officer positions by a specific date. The Corporation is committed to recruiting and selecting executive officers who are the most qualified to perform the requirements of each position. Performance, skill and the ability to perform the job are the primary considerations for the selection of internal candidates. Previous directly related experience, skill and ability are the primary considerations for selecting external candidates. The Corporation seeks to obtain the best possible candidate available, having regard to the current needs of the Corporation, while recognizing the benefits to the Corporation of advancing the principles of diversity in all its aspects, including gender. In the context of the foregoing, the Corporation does give consideration to the level of representation of women in executive officer positions when making executive officer appointments.

The Corporation and its major subsidiaries, Guardian Capital LP and Worldsource Wealth Management Inc., together have 12 executive officers, of which four executive officers (33%) are female. Guardian Capital LP and its affiliated asset management firms, Guardian Capital Advisors LP, GuardCap Asset Management Limited and Alta Capital Management, LLC, together have 40 senior investment management personnel, of which 8 personnel (20%) are female. There are currently no female directors on the Board.

## **Statement of Executive Compensation**

### **1. Compensation of Directors**

During 2017, except for the Chairman of the Board, directors of the Corporation who were not full-time employees of the Corporation or its subsidiaries were paid a basic annual fee of \$40,000, a fee of \$1,500 for attending a meeting of the Board or a Committee of the Board, an annual fee of \$10,000 for serving as Chair of the Governance or Compensation Committees, and \$15,000 for serving as Chair of the Audit Committee. The Chairman of the Board was paid a fee of \$80,000 per annum, in addition to the fees for attendance as a member of the Board, the Audit Committee and the Compensation Committee.

The following table shows all amounts of compensation provided to the directors for the Corporation's most recently completed financial year.

Name	Fees earned (\$)	All other compensation (\$)	Total (\$)
James S. Anas	99,500.00	--	99,500.00
A. Michael Christodoulou <sup>(1)</sup>	--	--	--
Petros Christodoulou	52,000.00	--	52,000.00
Harold W. Hillier	69,500.00	--	69,500.00
George Mavroudis <sup>(1)</sup>	--	--	--
Edward T. McDermott	66,500.00	--	66,500.00
Barry J. Myers	76,000.00	--	76,000.00
Hans-Georg Rudloff	53,500.00	--	53,500.00

Notes:

(1) Messrs. Christodoulou and Mavroudis, as management directors, do not receive compensation for acting as directors.

## 2. Compensation Discussion and Analysis

### 2.1 Policy for Compensation of Named Executive Officers

The following information is provided for the year ended December 31, 2017 for the individuals who qualify as named executive officers under Form 51-102F6 of National Instrument 51-102 – *Continuous Disclosure Obligations* (the “Named Executive Officers”).

The Corporation has adopted a compensation policy that establishes the criteria to be applied in determining the compensation of all employees of the Corporation and its subsidiaries. The goal of the compensation policy is to attract and retain the highest-calibre executives, professionals and other associates, in order to build a client-oriented, entrepreneurial and fully competitive organization.

The Corporation's executive compensation policy is to provide market rates of performance-linked compensation. The primary component of compensation is cash in the form of base salaries and incentive pay based upon performance, such as the achievement of investment returns, creation or enhancement of value, contributions to corporate overhead and profit by the unit to which the individual is attached, as well as profitability of the Corporation.

Executive compensation comprises a base salary supplemented by a results-driven performance bonus and, in some cases, by profit-sharing, stock options and other equity-linked compensation. The Corporation attempts to achieve a balance between salary and incentive compensation.

The goals of the Corporation's equity-linked compensation plans are:

- to reward executive teamwork between the Corporation's various business units in the process of cooperatively creating long-term value for shareholders, clients and associates;
- to supplement annual executive compensation with a long-term entrepreneurial reward for individual performance that is judged to contribute to the overall value creation process; and
- to provide such executive incentives without undue dilution of shareholders' equity.

The Compensation Committee may grant equity-linked compensation at its discretion, within the guidelines of the applicable plan and any guidelines set by the Board of Directors from time to time. In granting equity-linked compensation, the Compensation Committee considers the recommendation of the President and CEO and engages in discussion to assess whether or not the proposed award is consistent with the goals set forth above.

## 2.2 The Corporation's Stock Option Plan (the "Option Plan")

The Option Plan, which has been approved by the Corporation's shareholders, provides for the granting of options to officers, employees or directors of the Corporation or its subsidiaries, to purchase Class A Shares, exercisable over periods of up to ten years. Each grant of options is subject to a stock option agreement between the Corporation and the optionee. The agreements provide that all shares obtained by the exercise of such options, net of any payments to exercise the options and to pay income taxes resulting from the option benefit, must be held for as long as the optionee is an officer, employee or director of the Corporation or one of its subsidiaries, unless exempted from such requirement by the Corporation.

Additional information pertaining to the Option Plan is provided under item 2.3 below.

## 2.3 Additional Information Pertaining to the Option Plan

The following information pertaining to the Option Plan, as required under Section 613 of the TSX Manual, is provided as at December 31, 2017:

a)	Maximum number of shares of the Corporation issuable under the Option Plan	1,567,878 Class A Shares
b)	Maximum number of shares issuable under the Option Plan as a percentage of the total Common Shares and Class A Shares outstanding	5.31%
c)	Number of shares which are outstanding pertaining to the Option Plan	Nil
d)	Remaining shares available for grant under the Option Plan	1,567,878 Class A Shares
e)	Remaining shares available for grant as a percentage of the total Common Shares and Class A Shares outstanding	5.31%
f)	Annual "burn rate" (1) for the Option Plan for the past three years:	
	2017	0% (2)
	2016	0% (2)
	2015	0% (2)
g)	Maximum percentage of shares available to insiders of the Corporation	N/A
h)	Maximum number of shares available to any one person	N/A
i)	Method of determining exercise price for shares	(3)
j)	Vesting of options under the Option Plan	(4)
k)	Period during which options are exercisable	(5)
l)	Causes of cessation of entitlements under the Option Plan	(6)
m)	Assignability of benefits under the Option Plan	Not assignable
n)	Amendability of the Option Plan	(7)

Notes:

- (1) "Burn rate" for the Option Plan is equal to the number of shares awarded under the Option Plan in a year as a percentage of the weighted average number of Common Shares and Class A Shares outstanding during that year.
- (2) There were no stock options awarded in either of the years 2017, 2016 or 2015.
- (3) The closing share price on the day preceding the awarding of the option.
- (4) Options issued under the Option Plan vest at 20% per annum, beginning on the date awarded.
- (5) Under the Option Plan, options expire 10 years after they are awarded.
- (6) Vested options expire three months after the holder's resignation, retirement or termination by the Corporation. Upon the death of the holder, all options will be vested, and may be exercised within six months of the date of death. The Corporation has the right, at its discretion, to cancel up to 30% of any unvested option.
- (7) The Option Plan may be amended within the rules of the TSX, with shareholder approval.

## 2.4 The Corporation's Employee Profit Sharing Plan (the "EPSP")

The EPSP is an incentive plan registered as an Employee Profit Sharing Plan, under which certain senior personnel of the Corporation and its subsidiaries ("Members") are provided with an entitlement to shares of the Corporation under certain terms and conditions. The EPSP purchases shares of the Corporation on the open market through a trust, which shares are designated for and segregated to the accounts of Members in accordance with their entitlements. The share purchases are made with funds borrowed from a major Canadian chartered bank, and the shares purchased are deposited as collateral for the loan.

Each Member's entitlements under the EPSP are governed by the terms of EPSP agreements between the Corporation and the Member. There are generally restrictions in the agreements on the ability of the Members to withdraw their EPSP entitlements or deal with the shares designated for and segregated to their EPSP accounts. Due to the nature of these entitlements and the conditions attaching to them, the contractual life of an entitlement is indeterminable. Under these agreements, Members' entitlements may take the following formats:

a) **Option-Like Entitlements** – Under these arrangements, the Compensation Committee determines the entitlements of Members to have shares designated for and segregated to their EPSP accounts. Such entitlements generally vest over a period of six (6) years. To receive the shares after vesting, the Member must pay to the EPSP the amount of the bank loan attributable to those shares, which is equal to the EPSP's cost to purchase the relevant shares.

b) **Equity-Based Entitlements** – These arrangements are entitlements of members to have shares of the Corporation designated for and segregated to their EPSP accounts and generally vest over a period of five (5) years. Under these entitlements, in order for the Member to receive the vested shares, the Corporation must pay to the EPSP the amount of the bank loan attributable to those shares. Any dividends paid on shares which are held by the EPSP under one of these entitlements may be allocated by the EPSP to the Members.

The EPSP does not involve the issuance from treasury or potential issuance from treasury of shares of the Corporation, and is therefore not a "securities based compensation arrangement", as defined under Section 613 of the TSX Manual.

## 2.5 Compensation of Named Executive Officers

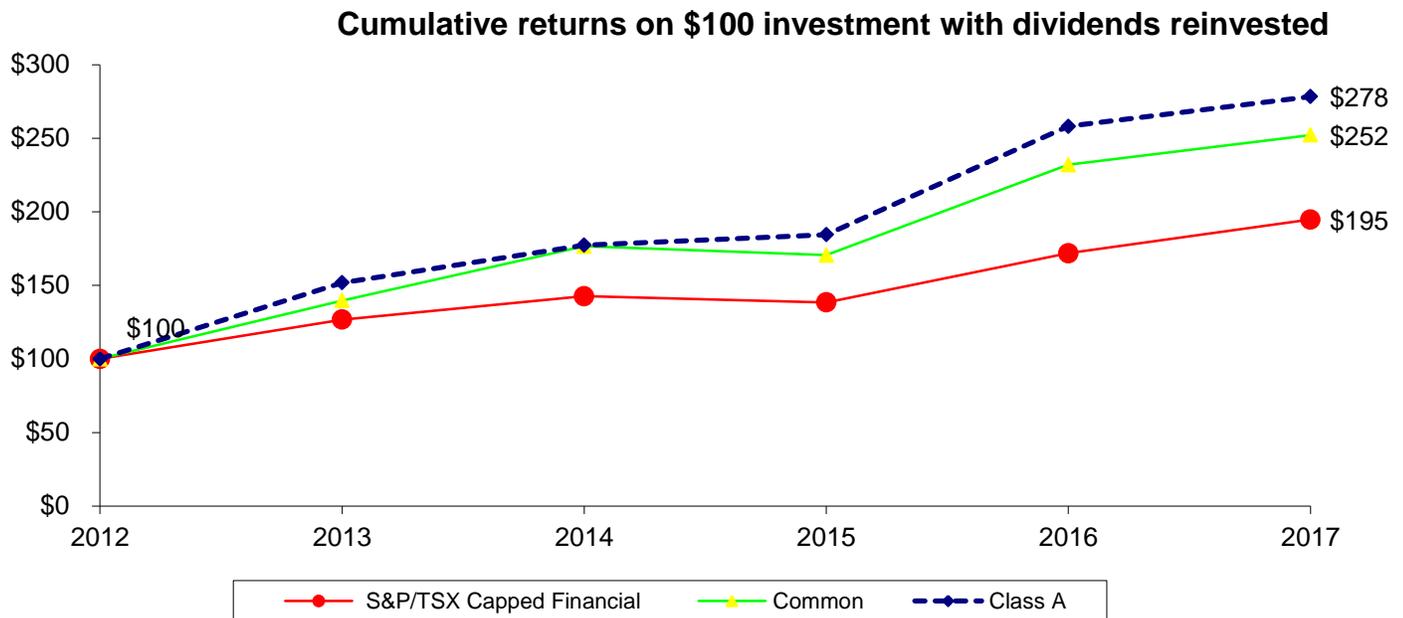
For the 2017 financial year, the Compensation Committee took into account a number of considerations, including the following factors, in determining the compensation of the President and CEO: (a) growth in 2017 in assets under management and assets under administration in the Corporation's subsidiaries; (b) growth in revenue and earnings; (c) the increasing profitability of all of the Corporation's subsidiaries; and (d) growth in the market prices of the Corporation's shares.

In determining the compensation of the other Named Executive Officers, the Committee considered and discussed the Corporation's progress in 2017, as outlined above, as well as the individual performance of each of the Named Executive Officers. In awarding compensation, the Committee took into account their individual contributions to the Corporation and its subsidiaries, including their efforts toward and involvement with the progress detailed above. Finally, the Committee considered general market levels of compensation and, as appropriate, the involvement of each Named Executive Officer with required changes resulting from new regulations, dealing with new accounting principles and policies, and dealing with regulators.

Taking into account these factors, the Committee determined the appropriate allocation to each element of compensation for each of the Named Executive Officers. The results of the Committee's deliberations are set out below under "3. Summary Compensation Table".

## 2.6. Performance Graph

The following chart shows the cumulative return on \$100 invested in each of the Common Shares and the Class A Shares, with dividends reinvested, compared with the cumulative return on \$100 invested in the S&P/TSX Capped Financial Index, for the five years from December 31, 2012 to December 31, 2017.



## 2.7. Compensation Governance

The Compensation Committee is currently composed of the following independent directors: James S. Anas, Harold W. Hillier (Chair), Edward T. McDermott and Hans-Georg Rudloff. The Committee is responsible to the Board, under its written mandate, for developing and approving compensation policies and programs for the Corporation, for considering and recommending to the Board the remuneration of the Board, the Chairman of the Board and the President and Chief Executive Officer, and for reviewing the compensation of certain other officers. In carrying out its duties, the Compensation Committee receives recommendations regarding the compensation of directors and officers from senior management. The Committee also considers any information obtained from independent sources, in determining such compensation. In this regard, in November, 2017, the Committee retained Korn Ferry Hay Group Ltd., a compensation consultant, with a mandate of reviewing the market competitiveness of the compensation of: the Board, compared to an agreed-upon peer group; and the President and Chief Executive Officer, the Chief Financial Officer and the Senior Vice-President and Chief Compliance Officer.

Having served as executives with several business operations, including holding positions such as President, Chief Executive Officer, and other senior executive officer positions, Messrs. Anas, Hillier, McDermott and Rudloff have adequate skills and experience related to making decisions on the suitability of the Corporation's compensation policies and practices. Three of the members of the Compensation Committee have served in these capacities for a number of recent years and, as part of these roles, have had access to relevant information regarding compensation governance and applicable market practices, including access to compensation consultants and other specialists from time to time, to give them the tools required to make decisions relating to the suitability of the Corporation's compensation policies and practices.

The Committee considers implications of the risks associated with the Corporation's compensation policies and practices as part of its oversight and stewardship of the compensation affairs of the

Corporation. The Committee's role in this respect includes reviewing each of the components of an executive's compensation to ensure there is an overall balance among long-term and short-term incentives commensurate with the Corporation's strategies and goals. While the Corporation has not adopted a formal prohibition, the Named Executive Officers and the directors are, as a matter of policy, not permitted to purchase financial instruments designed to hedge or offset a decrease in the market value of shares of the Corporation, including shares underlying share-based compensation or otherwise held directly or indirectly by a Named Executive Officer or a director.

## 2.8. Executive Compensation-Related Fees

The aggregate fees billed by Korn Ferry Hay Group Ltd., or any of its affiliates, for services related to determining compensation for any of the Corporation's directors and executive officers, in the two most recently completed financial years, was as follows:

2017 : \$ 22,500.00

2016 : \$ Nil

## 3. Summary Compensation Table

Under their arrangements with the Corporation, the Named Executive Officers receive an annual base salary, plus bonuses based on individual and corporate performance. In the 2017, 2016 and 2015 financial years, certain Named Executive Officers also received share-based awards or option-based awards, as disclosed below.

The following information is provided for the three years ended December 31, 2017, for the Named Executive Officers:

Name and principal position	Year	Salary (\$)	Share-based Awards (\$)	Option-based awards (\$)	Non-equity annual incentive plan compensation <sup>(1)</sup> (\$)	Pension value (\$)	All other compensation <sup>(5)</sup> (\$)	Total compensation (\$)
George Mavroudis, President and Chief Executive Officer	2017	460,000	349,980 <sup>(2)</sup>	--	1,500,000	3,500	50,987	2,364,467
	2016	460,000	649,999 <sup>(3)</sup>	--	1,500,000	3,500	37,248	2,650,747
	2015	460,000	400,025 <sup>(4)</sup>	--	1,000,000	3,500	22,638	1,886,163
Donald Yi, Chief Financial Officer	2017	200,000	99,994 <sup>(2)</sup>	--	330,000	3,500	4,577	638,071
	2016	200,000	99,992 <sup>(3)</sup>	--	320,000	3,500	2,458	625,950
	2015	200,000	50,008 <sup>(4)</sup>	--	300,000	3,500	650	554,158
Paul E. Brown, Chairman, Worldsource Wealth Management Inc.	2017	200,000	249,985 <sup>(2)</sup>	--	350,000	3,500	44,944	848,429
	2016	200,000	99,992 <sup>(3)</sup>	--	300,000	3,500	35,524	639,016
	2015	200,000	100,015 <sup>(4)</sup>	--	300,000	3,500	29,521	633,036
Anthony J. Messina, Managing Director, Head of Private Wealth Management, Guardian Capital Advisors LP	2017	200,000	49,997 <sup>(2)</sup>	--	330,000	3,500	2,868	586,365
	2016	197,820	100,009 <sup>(3)</sup>	--	300,000	3,500	1,504	602,833
	2015	--	--	--	--	--	--	--
Matthew D. Turner, Senior Vice-President and Chief Compliance Officer	2017	200,000	99,994 <sup>(2)</sup>	--	330,000	3,500	7,940	641,434
	2016	200,000	99,992 <sup>(3)</sup>	--	320,000	3,500	5,341	628,833
	2015	200,000	50,008 <sup>(4)</sup>	--	300,000	3,500	3,184	556,692

### Notes:

(1) Amounts shown represent bonuses earned pertaining to the 2017, 2016 and 2015 financial years.

- (2) These are "Equity-Based Entitlements" under the EPSP, as described under item 2.4 above, relating to the following number of shares, which were granted on March 31, 2017: Mr. Mavroudis – 13,923 Class A Shares; Mr. Yi – 3,978 Class A Shares; Mr. Brown – 9,945 Class A Shares; Mr. Messina – 1,989 Class A Shares; and Mr. Turner – 3,978 Class A Shares. These awards were valued at the purchase price of the shares to the EPSP.
- (3) These are "Equity-Based Entitlements" under the EPSP, as described under item 2.4 above, relating to the following number of shares, which were granted on March 31, 2016: Mr. Mavroudis – 38,340 Class A Shares; Mr. Yi – 5,898 Class A Shares; Mr. Brown – 5,898 Class A Shares; Mr. Messina – 5,899 Class A Shares; and Mr. Turner – 5,898 Class A shares. These awards were valued at the purchase price of the shares to the EPSP.
- (4) These are "Equity-Based Entitlements" under the EPSP, as described under item 2.4 above, relating to the following number of shares, which were granted on April 1, 2015: Mr. Mavroudis – 23,118 Class A Shares; Mr. Yi – 2,890 Class A Shares; Mr. Brown – 5,780 Class A Shares; and Mr. Turner – 2,890 Class A Shares. These awards were valued at the purchase price of the shares to the EPSP.
- (5) Dividends paid on shares held under Equity-Based Entitlements.

## 4. Incentive Plan Awards

### 4.1 Outstanding Share-Based Awards and Option-Based Awards

The following table provides information regarding option-based awards and share-based awards outstanding as at December 31, 2017, for the Named Executive Officers:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
George Mavroudis	(1) 8,800 Class A	10.53	--	141,482	(2) 782 Class A	20,809	83,236
	(1) 115,000 Class A	12.02	--	1,678,425	(2) 6,000 Common	160,800	643,200
	(1) 100,000 Class A	11.20 (3)	--	1,541,000	(2) 10,488 Class A	279,086	418,549
	(1) 30,000 Class A	8.02	--	557,700	(2) 13,870 Class A	369,081	246,089
	(1) 94,200 Class A	7.98	--	1,755,012	(2) 30,672 Class A	816,182	204,045
	(1) 150,000 Class A	9.69	--	2,537,391	(2) 13,923 Class A	370,491	--
	(1) 150,000 Class A	9.78	--	2,524,500	-- --	--	--
Donald Yi	--	--	--	--	(2) 1,734 Class A	46,142	30,761
	--	--	--	--	(2) 4,718 Class A	125,546	31,400
	--	--	--	--	(2) 3,978 Class A	105,855	--
Paul E. Brown	--	--	--	--	(2) Nil Class A	--	268,761
	--	--	--	--	(2) Nil Class A	--	1,202,453
	--	--	--	--	(2) Nil Class A	--	245,371
	--	--	--	--	(2) Nil Class A	--	205,908
	--	--	--	--	(2) Nil Class A	--	266,100
	--	--	--	--	(2) 2,291 Class A	60,964	243,960
	--	--	--	--	(2) 1,442 Class A	38,372	57,557
	--	--	--	--	(2) 3,468 Class A	92,283	61,522
	--	--	--	--	(2) 4,718 Class A	125,546	31,400
	--	--	--	--	(2) 9,945 Class A	264,636	--
Anthony J. Messina	--	--	--	--	(2) 4,719 Class A	125,573	31,400
	--	--	--	--	(2) 1,989 Class A	59,927	--
Matthew D. Turner	(1) 10,317 Class A	9.69	--	174,522	(2) 764 Class A	20,330	81,320
	--	--	--	--	(2) 1,967 Class A	52,342	78,473
	--	--	--	--	(2) 1,734 Class A	46,142	30,761
	--	--	--	--	(2) 4,718 Class A	125,546	31,400
	--	--	--	--	(2) 3,978 Class A	105,855	--

#### Notes:

- (1) Option-Like Entitlement granted under the EPSP, as described under item 2.4 above.
- (2) Equity-Based Entitlement granted under the EPSP, as described under item 2.4 above.

- (3) At such time as Mr. Mavroudis takes ownership of these shares, the Corporation will make a payment to him, which will have the effect of reducing the exercise price on these shares by \$0.70 per share, on an after-tax basis.

#### 4.2 Incentive Plan Awards – Value Vested or Earned

The following table provides information regarding the value of incentive plan awards vested or earned during the year:

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>(1)</sup> (\$)
George Mavroudis	486,300 <sup>(2)</sup>	632,059 <sup>(3)</sup>	1,500,000
Donald Yi	Nil	45,690 <sup>(3)</sup>	330,000
Paul E. Brown	Nil	191,001 <sup>(3)</sup>	350,000
Anthony J. Messina	Nil	30,668 <sup>(3)</sup>	330,000
Matthew D. Turner	Nil	91,095 <sup>(3)</sup>	330,000

Notes:

- (1) Amounts shown represent bonuses earned pertaining to the 2017 financial year, which are also included in item 3. "Summary Compensation Table".
- (2) Option-Like Entitlements granted under the EPSP, as described under 2.4 above. The vested shares continue to be held by the EPSP for the account of the Member, unless the Member has exercised his right to take possession of them, in accordance with the Member's EPSP agreement.
- (3) Equity-Based Entitlements granted under the EPSP, as described under item 2.4 above. The vested shares continue to be held by the EPSP for the account of the Member, in accordance with the Member's EPSP agreement.

#### 5. Pension Plan Benefits

The following table provides information regarding the accumulated value of pension plan benefits attributable to each of the Named Executive Officers during the year:

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year end (\$)
George Mavroudis	121,170	3,500	139,058
Donald Yi	104,117	3,500	115,340
Paul E. Brown	15,037	3,500	23,675
Anthony J. Messina	6,812	3,500	15,496
Matthew D. Turner	94,252	3,500	114,839

The Corporation has a defined contribution pension plan (the "Pension Plan"), which the employees of the Corporation and certain of its subsidiaries are entitled to join after six months of continuous service. Contributions to the Pension Plan are made by the employees, and matched by the Corporation, to a maximum annual contribution of \$3,500 each, calculated based on a formula taking into account the Yearly Maximum Pensionable Earnings. The contributions are invested in investment funds managed by a subsidiary of the Corporation, which are chosen by each employee. Upon termination or retirement, the employee has a right to the value of his or her plan account, which may be transferred to another pension plan, a registered retirement savings plan, or any of the standard retirement income options, such as a Registered Retirement Income Fund or a Locked-In Retirement Account.

## **6. Termination and Change of Control Benefits**

Pursuant to his employment agreement, if Mr. Mavroudis' employment is terminated without cause, he is entitled to notice (or compensation in lieu thereof) equivalent to twenty-four months, plus bonuses to be paid over the period of twenty-four months, at an annual rate equal to the average of the annual bonuses paid to Mr. Mavroudis during the three years preceding his termination. Pursuant to his employment agreement, if Mr. Yi's employment is terminated without cause, he is entitled to notice (or compensation in lieu thereof) equivalent to one month per year of employment, subject to a minimum of three months and a maximum of twelve months. Pursuant to his employment agreement, if Mr. Brown's employment is terminated without cause, he is entitled to notice (or compensation in lieu thereof) equivalent to three months plus one month per year of employment, subject to a maximum of twelve months, plus any unpaid bonuses to which he is entitled at the date of termination. Pursuant to his employment agreement, if Mr. Messina's employment is terminated without cause, he is entitled to notice (or compensation in lieu thereof) equivalent to one month per year of employment, subject to a minimum of three months and a maximum of twelve months. Pursuant to his employment agreement, if Mr. Turner's employment is terminated without cause, he is entitled to notice (or compensation in lieu thereof) equivalent to three months plus one month per year of employment, subject to a maximum of twelve months.

### **Directors and Officers Liability Insurance**

Effective November 15, 2017, the Corporation completed the annual renewal of its Directors and Officers Liability ("D&O") insurance coverage, which insures the Corporation, its subsidiaries and its directors and officers. This policy has an aggregate limit of \$15,000,000 for D&O, subject to a deductible of \$100,000 per loss. This coverage is part of a consolidated policy which also includes Professional Liability Insurance covering the Corporation and certain subsidiaries, with an aggregate limit of \$10,000,000, subject to a deductible of \$250,000 per loss. The Corporation paid the combined annual premium of \$185,000 for this insurance, and no part thereof was charged to any individual director or officer. The policy is for a period of twelve months, with terms and premiums to be established at each renewal.

### **Other Matters**

The management does not know of any matters to come before the Meeting, except the matters referred to in the Notice of Meeting. However, if such other matters should properly come before the Meeting or any adjournment thereof, the persons named in the enclosed form of proxy will vote the same in accordance with their best judgement.

Additional information relating to the Corporation is available on "SEDAR" at [www.sedar.com](http://www.sedar.com). Financial information about the Corporation is provided in the Corporation's financial statements and Management's Discussion and Analysis, which are contained in the Corporation's 2017 Annual Report, a copy of which can be obtained on SEDAR, or by writing to: Investor Relations, Guardian Capital Group Limited, Suite 3100, Commerce Court West, 199 Bay Street, P.O. Box 201, Toronto, Ontario M5L 1E8.

Except as otherwise indicated, the information in this circular is provided as of March 29, 2018. The contents and the sending of this circular have been approved by the Board of Directors of the Corporation.

[signed "C. Verner Christensen"]

C. Verner Christensen  
Senior Vice-President and Secretary

March 29, 2018



**GUARDIAN**  
CAPITAL