



**Notice of Annual Meeting of Shareholders
and Management Information Circular**

May 15, 2013

This document tells you who can vote,
what you will be voting on and
how to exercise your right to vote your shares.
Please read it carefully.



April 10, 2013

Dear Shareholder,

We invite you to join our Board of Directors and Senior Management team for our 9th annual meeting of shareholders which will be held on Wednesday, May 15, 2013 at 4:15 p.m. (Eastern) at the TMX Broadcast Centre in the Exchange Tower located at 130 King Street West, Toronto, Ontario.

The meeting will be an opportunity for you to hear about our 2012 performance and to vote on the items described in the Notice of meeting and the accompanying Management Information Circular. Please take some time to read the Circular as it contains the particulars of these items. In addition, the Circular outlines our executive compensation and governance practices.

Your participation at this meeting is important to us and we encourage you to exercise your right to vote. If you cannot attend this meeting in person, please use the enclosed form of proxy or voting instruction form to submit your vote prior to the meeting. Please refer to the Voting Information section of the Circular for more information.

We look forward to seeing you at the meeting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Austin Beutel".

Austin Beutel
Chairman of the Board

A handwritten signature in cursive script, appearing to read "Andrew Moor".

Andrew Moor
President and Chief Executive Officer



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Our Annual Meeting of Shareholders will be held at:

**The TMX Broadcast Centre
The Exchange Tower
130 King Street West
Toronto, Ontario**

on **Wednesday, May 15, 2013** at 4:15 p.m. (Eastern) for the purposes of:

1. receiving the financial statements for the year ended December 31, 2012 and the auditors' report on those financial statements;
2. electing the directors;
3. appointing KPMG LLP as auditors and to authorize the directors to set their remuneration; and
4. transacting any other business as may properly come before the meeting.

Shareholders of record as of the close of business on April 5, 2013 are entitled to receive notice of and vote at the meeting. Whether or not you plan to attend the meeting in person, please complete the enclosed form of proxy or voting instruction form and return it to our transfer agent, Computershare Investor Services Inc., in accordance with the instructions set out therein. For your vote to be recorded, **your proxy vote must be received by Computershare Investor Services Inc. no later than 4:00 p.m. (Eastern) on Monday, May 13, 2013.**

For more information about voting by proxy, including voting by telephone or using the internet, please see the section entitled "Voting Information" in the accompanying Management Information Circular.

Your vote is important. Please vote as soon as possible to ensure that your vote is recorded promptly, even if you plan to attend the meeting.

By order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Andrew Moor", is written over a horizontal line.

Andrew Moor
President and Chief Executive Officer

April 10, 2013

MANAGEMENT INFORMATION CIRCULAR

All information is as of April 10, 2013, unless otherwise indicated.

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This Management Information Circular (“Circular”) is provided in connection with the solicitation of proxies by the management of Equitable Group Inc. (the “Company”) for use at the Annual Meeting of Shareholders (the “Meeting”) of the Company which will be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and any adjournment thereof. It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited personally by officers and directors and other representatives of the Company. We pay all costs for soliciting proxies.

“Equitable”, the “Company”, “we” and “our” means Equitable Group Inc., unless otherwise indicated. “Shareholder”, “you” and “your” means a holder of common shares of Equitable Group Inc.

VOTING INFORMATION

What will I be voting on?

At the Meeting you will be voting on:

- the election of directors; and
- the appointment of KPMG LLP as auditors and for the Board’s authorization to set their remuneration.

Both items of business will be decided by a simple majority of votes cast by proxy or in person.

Who can vote

The holders of the Company’s common shares are entitled to vote and each share held is entitled to one vote. As of April 5, 2013, the record date, there were 15,244,079 outstanding common shares that were eligible to vote.

How to vote

Registered Shareholders

You are a registered shareholder if your name appears on your share certificate. Registered shareholders can vote in person at the Meeting, by proxy, by telephone or by using the internet.

Voting in person

You do not need to complete or return the form of proxy enclosed in your package. Simply attend the Meeting and register with our transfer agent, Computershare Investor Services Inc. Your vote will be taken and counted at the Meeting.

Voting by proxy

Voting by proxy means you are authorizing another person to attend the Meeting and vote your shares for you (your proxyholder). Please mark your voting instructions in the voting section of the form of proxy, sign and return the enclosed form of proxy to Computershare. By signing the enclosed form of proxy you are giving Austin Beutel, Chairman of the Board, or Andrew Moor, President and Chief Executive Officer who are named in the form of proxy the authority to vote your shares at the Meeting or any adjournment.

You can choose someone else as your proxyholder who does not have to be shareholder of the Company. Simply print the person's name in the blank space provided on the form of proxy and return to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by fax to 416-263-9524 or 1-866-249-7775 prior to 4:00 p.m. (Eastern) on Monday, May 13, 2013 or to the Chairman of the Meeting on the day of the Meeting, at any time prior to the commencement of the Meeting or any adjournment thereof. **Your proxyholder must attend the Meeting in person in order for your shares to be voted.**

Voting by telephone or internet

You may vote your shares by telephone by calling 1-866-732-VOTE (8683) and following the instructions provided. Please note that if you vote using this method you cannot appoint anyone other than Austin Beutel or Andrew Moor as your proxyholder.

You may also vote by internet by going to www.investorvote.com and following the online voting instructions. In both cases you will need your 15 digit Control Number located in the lower left corner of the form of proxy to identify yourself to the system.

If you vote by telephone or using the internet, all information must be entered by 4:00 p.m. (Eastern) on Monday May 13, 2013. Please note that if you vote by telephone, Do NOT complete or return the form of proxy.

How your proxy will be voted

If you have given voting instructions in your form of proxy, your proxyholder must vote according to those instructions. If you have not given voting instructions then your proxyholder will decide how to vote. Your proxyholder will also decide how to vote on any amendment to any of the matters in the Notice of the Meeting or any new matters that properly come before the Meeting.

As at the date of this Circular, management does not know of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

If you complete and return the form or proxy but do not appoint another proxyholder and do not give voting instructions, your shares will be voted for you by Austin Beutel or Andrew Moor as follows:

- **FOR the election as directors of the proposed nominees who are named in this Circular; and**
- **FOR the appointment of KPMG LLP as the auditors of the Company.**

Changing your vote

If you have voted by proxy, you cannot vote in person at the Meeting or change your vote at the Meeting unless you have revoked your proxy. To revoke your proxy, complete and sign another form of proxy bearing a later date and deliver it to Computershare at the address or fax number specified above, **no later than 4:00 p.m. (Eastern) on Monday, May 13, 2013.** You may also deliver a written statement to this effect signed by you or your authorized attorney to Andrew Moor, President and Chief Executive Officer at the registered office of the Company, **at any time up to 4:00 p.m. (Eastern) on Monday, May 13, 2013 or to the Chairman of the Meeting before the start of the Meeting.**

Non-Registered (beneficial) Shareholders

Most of the Company's shareholders are non-registered shareholders whose common shares are registered either: (a) in the name of an intermediary such as a bank, trust company, securities broker, or other nominee; or (b) in the name of a clearing agency such as the Canadian Depository of Securities Limited ("CDS"), of which the intermediary is a participant.

Non-registered shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as non-objecting beneficial owners ("NOBOs"). Those non-registered holders who have objected to their intermediary disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners ("OBOs").

If you are a NOBO, the Company or its agent has sent the Meeting materials directly to you at the expense of the Company, and your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities legislation from the intermediary holding your shares on your behalf. If you are an OBO you received the Meeting materials from your intermediary or its agent at the expense of your intermediary.

Voting in person

The Company has limited access to the names of its non-registered shareholders. If you plan to vote in person at the Meeting we may have no record of your shareholdings or entitlement to vote, unless your intermediary has appointed you as proxyholder. Therefore, if you want to vote at the Meeting or appoint another person to attend and vote your shares for you, you must insert your name or the name of your proxyholder in the space provided on the voting instruction form and return the completed form in the envelope provided. Do NOT complete the voting section of the form because your vote will be counted at the Meeting. When you arrive at the Meeting, please register with our transfer agent. If you voted through your intermediary and would now like to vote in person, contact your intermediary to see whether this is possible and what procedure you would need to follow.

Voting by proxy

If you do not plan to attend the Meeting and wish to vote your shares held through an intermediary, mark your voting instructions on the voting instruction form or choose another person to attend the Meeting and vote your shares for you, and return the form following the instructions provided on the form. Remember that your intermediary must receive your voting instructions in sufficient time for your intermediary to act on it.

Alternatively, you may receive from your intermediary a proxy form which been pre-authorized by your intermediary indicating the number of shares to be voted, which is to be completed, dated, signed and returned in accordance with instructions provided by your intermediary.

Voting by telephone or Internet

Non-registered shareholders who received a voting instruction form from Computershare may vote their shares by telephone, by calling 1-866-734-VOTE (8683) and following the instructions provided, or by internet, by going to www.investorvote.com and following the online voting instructions. In both cases you will need your 15 digit Control Number located in the lower left corner of the voting instruction form to identify yourself to the system. **Please note that your voting instructions must be entered by 4:00 p.m. (Eastern) on Monday May 13, 2013.** If you vote by telephone or internet, do NOT complete or return the voting instruction form.

Changing your Vote

If you are a non-registered shareholder and have sent your completed voting instruction form to your intermediary, contact your intermediary for instructions on how to revoke your voting instructions.

The Company has elected not to use the new notice-and-access procedures under applicable securities legislation to send the proxy-related materials to registered and non-registered holders of common shares.

Employee Shareholders

If you hold shares through the Company's Employee Share Purchase Plan you will have received this Circular and a voting instruction form. You may vote your shares:

- by following the voting instructions for non-registered shareholders set out above, or
- by internet by going to www.investorvote.com and following the online voting instructions.

Contacting the Transfer Agent

For general shareholder enquiries, you can contact the transfer agent by mail at:

Computershare Investor Services Inc.
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1

- or by telephone within Canada and the United States at 1-800-564-6253
- or by fax within Canada and the United States at 1-888-453-0330
- or by email at service@computershare.com.

Confidentiality

To keep voting confidential, Computershare counts and tabulates the votes. This is done independently of the Company to preserve the confidentiality of individual shareholder votes. Computershare only discusses proxies with the Company when it is legally necessary, or when a shareholder clearly intends to communicate with management.

Voting Results

Voting results of the Meeting are available shortly after the Meeting on the Company's website at www.equitabletrust.com and on SEDAR at www.sedar.com.

Voting Securities and Principal Holders

To the knowledge of our directors and officers, as at the date of this Circular, the only persons or companies which beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the outstanding common shares of the Company are the following:

	Number of common shares	Percentage of outstanding common shares
Mawer Investment Management Ltd. ⁽¹⁾	2,231,533	14.6%
Emberwood Glen Enterprises Ltd. ⁽²⁾	2,144,640	14.0%
I.A. Michael Investment Counsel Ltd. ⁽³⁾	1,925,000	12.6%
Franklin Templeton Investments Corp. ⁽⁴⁾	1,652,725	10.8%

⁽¹⁾ Mawer Investment Management Ltd. acquired these shares in the ordinary course of investing activities.

⁽²⁾ Emberwood Glen Enterprises Ltd. is 100% owned by Oakwest Corporation Limited ("Oakwest"). Austin Beutel and Eric Beutel, directors of the Company, exercise control or direction over the common shares of Oakwest. (These shares were acquired in the ordinary course of business and not with the purpose of influencing or changing the control of the Company.) Eric Beutel beneficially owned, or exercised control or direction over, an additional 6,500 common shares.

⁽³⁾ I.A. Michael Investment Counsel Ltd. acquired these shares in the ordinary course of investing activities.

⁽⁴⁾ Franklin Templeton Investments Corp. on behalf of its operating division, Bissett Investment Management, has disclaimed any beneficial ownership of these common shares. However, as an investment manager, it maintains exclusive power to exercise investment control or direction over such shares for its managed accounts.

BUSINESS OF THE MEETING

Financial Statements

The consolidated financial statements for the year ended December 31, 2012 together with the auditors' report are included in our 2012 annual report, which has been mailed to shareholders with this Circular and is available on our website at www.equitabletrust.com under Investor Relations and on SEDAR at www.sedar.com.

Election of Directors

The 11 nominees proposed for election as directors were recommended to the Board by the Corporate Governance Committee and are named in the "Director Nominees" section of this Circular. With the exception of Ms. Sera and Mr. Saunders, all of the nominated directors are currently directors of the Company and its wholly-owned subsidiary, The Equitable Trust Company ("Equitable Trust"), elected at the last annual meeting of shareholders held on May 15, 2012. All nominees have established their eligibility and willingness to serve as directors, and have the relevant expertise essential to ensure appropriate strategic direction and oversight.

Each director will be elected to hold office until the close of the next annual meeting. Lionel Robins and Michael Shulman, directors of the Company since January 2004 and of Equitable Trust since September 2000, have decided to retire and will not be standing for re-election as directors at the Meeting. During their tenure Mr. Robins has served as a member of the Corporate Governance, Investment and Human Resources and Compensation Committees, and Mr. Shulman has served as a member of the Corporate Governance, Investment and Audit Committees. We thank Mr. Robins and Mr. Shulman for their dedication and contributions to the Company and Equitable Trust.

Unless authority is withheld, the persons named in the enclosed form of proxy or voting instruction form intend to vote **FOR** the election of all 11 director nominees.

Majority Voting for Directors

Our Majority Vote Policy applies to this election. Under this Policy, any nominee in an uncontested election who receives more *withheld* votes than *for* votes in favour of his or her election, must offer to resign. The Corporate Governance Committee will recommend to the Board whether or not to accept the resignation. The nominee will not participate in this decision.

Appointment of Auditors

The Board recommends that KPMG LLP be re-appointed to serve as the Company's auditors for the year ending December 31, 2013. KPMG LLP has served continuously as the Company's auditors since 2004 and as Equitable Trust's auditors since 2002.

Unless authority is withheld, the persons named in the accompanying form of proxy or voting instruction form intend to vote **FOR** the re-appointment of KPMG LLP as auditors of the Company to hold office until the close of the next annual meeting of shareholders at such remuneration as may be fixed by the directors.

Pre-Approval Policies and Auditor Service Fees

The Audit Committee has adopted a formal written policy for the pre-approval of audit services and permitted non-audit services to be provided by the Company's auditors. On an annual basis, the Audit Committee reviews and approves the terms, scope and associated fees of the external auditors' engagement. All services and associated fees must be pre-approved by the Audit Committee and must be permitted by securities regulations governing auditor independence. The Policy does not delegate any of the Audit Committee's responsibilities to management of the Company.

Auditor Service Fees

Fees paid to KPMG LLP for the years ended December 31, 2012 and December 31, 2011 were as follows:

Category	2012 ¹ \$	2011 ^{1,2} \$
Audit Fees	456,000	455,000
Audit-related Fees	43,000	22,500
Tax Fees	46,537	34,500
Other Fees	-	-
Total	545,537	512,000

⁽¹⁾ Amounts exclude HST, CPAB fees, and disbursements.

⁽²⁾ 2011 figures recategorized to align to 2012 fee categorizations. Total amount of fees reported unchanged from 2011 Annual Information Form.

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual consolidated financial statements, and the review of the Company's interim financial statements. Of the \$456,000 reported for 2012, \$18,500 related to additional work performed for the 2011 audit, as a result of the transition to IFRS, and \$55,000 related to a comfort letter provided for the Company's Series 10 debenture offering. Of the \$455,000 reported for 2011, \$90,000 related to additional work performed for the 2010 and 2011 audits as a result of the transition to IFRS.

Audit-related Fees

Audit-related fees were paid for services provided in connection with the Company's collective allowance methodology, a specified procedures report on Equitable Trust's participation in CMHC sponsored securitization programs, and for audit-related French translations.

Tax Fees



Tax fees were paid for professional services relating to reviews of the Company's 2011 corporate tax and HST/GST returns and tax advisory services.

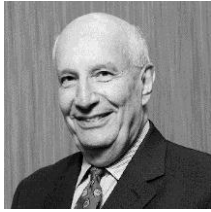
DIRECTOR NOMINEES

Director Information

In accordance with the Company's Articles of Amalgamation, the Board must have a minimum of 3 and a maximum of 12 directors. The Board has determined that 11 directors will be elected this year and believes all of the nominated directors are well qualified to serve on the Board.

The following profiles provide information about each nominee, including their background, experience, committee memberships, and their attendance at board and committee meetings during the year ended December 31, 2012. Also included is the number and value of common shares beneficially owned, directly or indirectly, or controlled or directed, and Deferred Share Units ("DSUs") held as at the end of the past two years and as at the date of the Circular. The term of office of each elected director expires at the close of the next annual meeting of shareholders.

 <p>Austin Beutel Toronto, Ontario, Canada Director Since: January 1, 2004 <i>Independent</i></p> <p>Expertise/Experience:</p> <ul style="list-style-type: none"> • Finance • Mergers & Acquisitions 	Austin Beutel is Chairman of Oakwest Corporation Limited, a private investment holding company. He is co-founder and former Chairman of Beutel Goodman and Co. Ltd., an investment management firm. Mr. Beutel holds a Bachelor of Commerce degree from McGill University, a Master of Business Administration degree from Harvard University, and the Chartered Financial Analyst designation. Mr. Beutel has more than 50 years of business experience.				
	Other public company directorships in the past five years				
	<ul style="list-style-type: none"> • Astral Media Inc. (1973-present) • Accord Financial Corp. (1990-2010) • Aecon Group Inc. (2005-present) • Opta Minerals Inc. (2006-2011)(2012-present) 				
	Board/Committee Membership		Attendance # of meetings	Total Compensation⁽⁶⁾ Year Amount	
	Board (Chair)		8 of 8	2012	\$87,500
Risk and Capital Committee (Chair)		4 of 4	2011	\$82,500	
Securities held					
Date	Common shares⁽¹⁾ (#)	DSUs⁽²⁾ (#)	Total market value of common shares and DSUs⁽³⁾ (\$)	Meets Share Ownership Requirement	
Apr. 10, 2013	2,144,640	3,761	84,324,739	yes	
Dec. 31, 2012	2,150,640 ⁽⁴⁾	3,731	70,269,978	yes	
Dec. 31, 2011	2,150,640 ⁽⁴⁾	2,755	53,835,563	yes	
 <p>Eric Beutel Toronto, Ontario, Canada Director Since: January 1, 2004 <i>Independent</i></p> <p>Expertise/Experience:</p> <ul style="list-style-type: none"> • Finance • Real Estate 	Eric Beutel is Vice-President of Oakwest Corporation Limited, a private investment holding company. He holds a Bachelor of Arts degree from York University and a Master of Business Administration degree from the University of Ottawa.				
	Other public company directorships in the past five years				
	<ul style="list-style-type: none"> • NexGen Financial Corporation (March 13, 2012 - present) • Liquidation World Inc. (now Big Lots Canada Inc.)(2008-2011) 				
	Board/Committee Membership		Attendance # of meetings	Total Compensation⁽⁶⁾ Year Amount	
	Board		8 of 8	2012	\$ 85,350
Equitable Trust's Investment Committee ⁽⁷⁾ (Chair)		28 of 29	2011	\$ 67,200	
Risk and Capital Committee		4 of 4			
Securities held					
Date	Common shares⁽¹⁾ (#)	DSUs⁽²⁾ (#)	Total market value of common shares and DSUs⁽³⁾ (\$)	Meets Share Ownership Requirement	
Apr. 10, 2013	2,151,140 ⁽⁵⁾	3,761	84,579,864	yes	
Dec. 31, 2012	2,151,140 ⁽⁵⁾	3,731	70,286,303	yes	
Dec. 31, 2011	2,153,640 ⁽⁵⁾	2,755	53,910,564	yes	



Joseph Dickstein
 Toronto, Ontario, Canada
 Director Since: January 1, 2004
Independent

Expertise/Experience:

- Finance
- Financial Services
- Senior Executive

Joe Dickstein was Vice-Chair of PPI Financial Group, the largest independent life insurance marketing organization in Canada from 2000 until his retirement in December 2012 and prior to that he served 20 years as President. His career experiences include serving as President of Westmount Life Insurance Company for thirteen years and as a Director and member of the Executive Committee of Prudential Life Insurance Company (Canada) for ten years. Mr. Dickstein has a Bachelor of Commerce degree from McGill University and a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance # of meetings	Total Compensation ⁽⁶⁾	
		Year	Amount
Board	8 of 8	2012	\$73,225
Corporate Governance Committee (Chair)	6 of 6	2011	\$60,659
Audit Committee	5 of 5		

Securities held				
Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾ (\$)	Meets Share Ownership Requirement
Apr. 10, 2013	21,900	3,761	1,007,194	yes
Dec. 31, 2012	21,900	3,731	766,617	yes
Dec. 31, 2011	21,900	2,755	617,064	yes



Eric Kirzner
 Toronto, Ontario, Canada
 Director Since: January 1, 2004
Independent

Expertise/Experience:

- Finance
- Investment Management
- Risk Management

Eric Kirzner is a Professor of Finance and the John H. Watson Chair in Value Investing at the Rotman School of Management at the University of Toronto. Professor Kirzner is also lead external advisor to the Healthcare of Ontario Pension Plan, and a member of the Canada Council for the Arts Investment Committee. He holds a Bachelor of Arts degree and a Master of Business Administration degree from the University of Toronto.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance # of meetings	Total Compensation ⁽⁶⁾	
		Year	Amount
Board	8 of 8	2012	\$ 82,475
Audit Committee (Chair)	5 of 5	2011	\$ 73,750
Risk and Capital Committee	4 of 4		

Securities held				
Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾ (\$)	Meets Share Ownership Requirement
Apr. 10, 2013	2,800	3,761	257,519	yes
Dec. 31, 2012	2,800	3,731	143,002	yes
Dec. 31, 2011	2,800	2,755	88,385	yes



David LeGresley
Toronto, Ontario, Canada
Director Since: May 19, 2011
Independent

Expertise/Experience:

- Financial Services
- Capital Markets
- Mergers & Acquisitions
- Strategic Planning

David LeGresley is a former executive of National Bank Financial holding positions in the area of corporate and investment banking and most recently serving as Vice Chairman from 2006 to 2008.

He currently serves as a Director and Chair of the Audit Committee of Pembina Pipeline Corporation. Mr. LeGresley holds a Bachelor of Applied Science degree in Engineering from the University of Toronto and a Master of Business Administration degree from Harvard Business School. He is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

- Pembina Pipeline Corporation (2010-present)
- NB Split Corp. (2006-2012)

Board/Committee Membership		Attendance # of meetings	Total Compensation ⁽⁶⁾ Year	Amount
Board		8 of 8	2012	\$64,475
Audit Committee		5 of 5	2011	\$41,963

Securities held				
Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾ (\$)	Meets Share Ownership Requirement
Apr. 10, 2013	17,000	1,635	731,424	Yes
Dec. 31, 2012	17,000	1,622	590,460	Yes
Dec. 31, 2011	14,000	683	367,246	Yes



Lynn McDonald
Toronto, Ontario, Canada
Director Since: May 19, 2011
Independent

Expertise/Experience:

- Finance
- Financial Services

Lynn McDonald is a former managing director at CIBC World Markets and a former deputy minister in the Ontario Government. She is the Chair and an independent trustee of Greystone Health Trust, an Ontario Hospital Association trust fund. Ms. McDonald is Chair of Frontier College, a national literacy organization. She is a director of Bridgepoint Health Foundation and serves as Chair of their Finance and Audit Committee and is a member of both the Executive and Investment Committees. Ms. McDonald earned a Bachelor of Arts (Honours) degree in economics from the University of Waterloo and is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

None

Board/Committee Membership		Attendance # of meetings	Total Compensation ⁽⁶⁾ Year	Amount
Board		8 of 8	2012	\$64,475
Human Resources & Compensation Committee		5 of 5	2011	\$43,463

Securities held				
Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾ (\$)	Meets Share Ownership Requirement
Apr. 10, 2013	3,000	1,635	181,924	yes
Dec. 31, 2012	2,900	1,622	130,095	yes
Dec. 31, 2011	800	683	37,246	yes



Andrew Moor
 Toronto, Ontario, Canada
 Director Since: May 17, 2007
Not Independent

Expertise/Experience:

- Finance
- Financial Services

Andrew Moor has been President and Chief Executive Officer of the Company and Equitable Trust since March 2007. He was previously President and Chief Executive Officer of Invis Inc. from February 2002 to February 2007. Mr. Moor received a Bachelor of Science in Engineering from the University College, London and a Master of Business Administration degree from the University of British Columbia. He is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

- Sleep Country Canada Income Fund (2003-2008)

Board/Committee Membership	Attendance		Total Compensation ⁽⁶⁾
	# of meetings	Year	Amount
Board	8 of 8	2012	-
Equitable Trust's Investment Committee ⁽⁷⁾	27 of 29	2011	-

Securities held

Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾ (\$)	Meets Share Ownership Requirement ⁽⁸⁾
Apr. 10, 2013	68,197	-	2,676,732	yes
Dec. 31, 2012	68,135	-	2,224,608	yes
Dec. 31, 2011	30,536	-	677,104	yes



Katherine Rethy
 Toronto, Ontario, Canada
 Director Since: May 15, 2008
Independent

Expertise/Experience:

- Legal
- Corporate Governance
- Senior Executive

Katherine Rethy is a Corporate Director and President of KAR Development Corp., a leadership consulting company. Ms. Rethy is an accomplished senior executive with over 25 years in professional, management and executive roles in Canadian-based global industrial companies. Her most recent corporate role was Senior Vice-President, Global Services with Falconbridge Limited. Katherine is a member of the Supervisory Board of SBM Offshore N.V. in the Netherlands and is Chair of the Board of Katimavik Opcan, a Canadian not-for-profit organization. In 2007, she was inducted into Canada's 100 Most Powerful Women Hall of Fame.

Ms. Rethy received her Bachelor of Science from the University of Toronto, her J.D. from the University of Windsor, her Master of Business Administration degree from the Schulich School of Business at York University, and her M.A. in Leadership for Sustainability from Lancaster University in the UK. She is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors, Law Society of Upper Canada and the Women's Executive Network.

Other public company directorships in the past five years

- SBM Offshore N.V. (Member of the Supervisory Board) (2011-present)

Board/Committee Membership	Attendance		Total Compensation ⁽⁶⁾
	# of meetings	Year	Amount
Board	6 of 8	2012	\$ 70,500
Human Resources & Compensation Committee (Chair)	5 of 5	2011	\$ 63,340
Risk and Capital Committee	3 of 4		

Securities held

Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾ (\$)	Meets Share Ownership Requirement
Apr. 10, 2013	2,200	3,761	233,969	yes
Dec. 31, 2012	2,200	3,731	123,415	yes
Dec. 31, 2011	2,200	2,755	73,385	yes



Rowan Saunders
Toronto, Ontario, Canada

Proposed Director
Independent

Expertise/Experience:

- Risk Management
- Financial Services
- Strategic Planning

Rowan Saunders has been President & Chief Executive Officer of Royal & Sun Alliance Insurance Company of Canada (RSA Canada), one of Canada's leading property and casualty insurance companies in terms of direct premiums written, since September, 2003. He is also a member of the global Executive Committee of RSA Insurance Group plc. Since joining RSA Canada in 1987, Mr. Saunders has held progressive leadership positions in the areas of underwriting, marketing, sales and finance. He serves as a member of the Board of Directors of the Insurance Bureau of Canada (IBC) and was the IBC's past Chair. Mr. Saunders received a Bachelor of Arts degree from York University, holds the Canadian Risk Management designation and is a Fellow of the Insurance Institute of Canada.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance	Total Compensation ⁽⁶⁾	
	# of meetings	Year	Amount

-	-	-	-
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Securities held				
Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾	Meets Share Ownership Requirement
-	-	-	-	-



Vincenza Sera
Toronto, Ontario, Canada

Proposed Director
Independent

Expertise/Experience:

- Finance
- Financial Services
- Corporate Governance

Vincenza Sera is a Corporate Director. She is Chair of the Ontario Pension Board, a member of the Board of Directors of the Ontario Financing Authority and serves on the Board of Trustees of Dundee Industrial REIT. Ms. Sera was previously an investment banker with National Bank Financial and served as a Vice-President with Canadian Imperial Bank of Commerce. She has more than 25 years of experience in capital markets, corporate finance and corporate governance including eight years lending to real estate projects and companies. Ms. Sera received her Master of Business Administration (Finance) degree from the University of Toronto and an Honours Business Administration (Accounting) degree from the University of Windsor. She is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

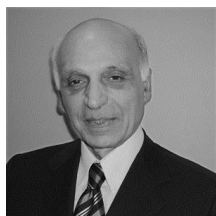
Other public company directorships in the past five years

Dundee Industrial REIT (2012 – present)

Board/Committee Membership	Attendance	Total Compensation ⁽⁶⁾	
	# of meetings	Year	Amount

-	-	-	-
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Securities held				
Date	Common shares (#)	DSUs (#)	Total market value of common shares and DSUs	Meets Share Ownership Requirement
-	-	-	-	-



Morris Shohet
 Toronto, Ontario, Canada
 Director Since: May 11, 2009
Independent

Expertise/Experience:

- Real Estate Investment and Development

Morris Shohet is Principal of The Dorchester Corporation, a real estate investment company. He received his Bachelor of Applied Science degree in Civil Engineering from McGill University, and his Master of Business Administration degree from Harvard University.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance # of meetings	Total Compensation ⁽⁶⁾	
		Year	Amount
Board	7 of 8	2012	\$71,975
Equitable Trust's Investment Committee ⁽⁷⁾	24 of 29	2011	\$62,050
Corporate Governance Committee	5 of 6		

Date	Common shares ⁽¹⁾ (#)	DSUs ⁽²⁾ (#)	Total market value of common shares and DSUs ⁽³⁾ (\$)	Meets Share Ownership Requirement
Apr. 10, 2013	6,500	3,761	402,744	yes
Dec. 31, 2012	6,500	3,731	263,807	yes
Dec. 31, 2011	11,500	2,755	213,622	yes

⁽¹⁾ The information as to common shares owned or over which control or direction is exercised has been provided by the respective nominees as of December 31 in each of 2011 and 2012 and April 10, 2013, respectively.

⁽²⁾ Represents the number of DSUs held by the Director as of December 31 in 2011 and 2012, and at April 10, 2013, as applicable.

⁽³⁾ Total value of common shares and DSUs is determined by multiplying the closing price of the Company's common shares on the Toronto Stock Exchange ("TSX") on December 31 in each of 2011 (\$25.00) and 2012 (\$32.65), and April 10, 2013 (\$39.25), respectively, times the number of common shares and DSUs outstanding as of those dates.

⁽⁴⁾ Includes shares held by Emberwood Glen Enterprises Ltd., a wholly-owned subsidiary of Oakwest Corporation Limited whose shares are controlled or directed, directly or indirectly, by Austin Beutel and Eric Beutel.

⁽⁵⁾ Includes 2,144,640 shares held by Emberwood Glen Enterprises Ltd.

⁽⁶⁾ Includes annual director and committee chair retainers, meeting fees, and the grant value of DSUs in each of 2011 and 2012.

⁽⁷⁾ 25 of the 29 meetings of the Investment Committee were convened on less than 2 days' notice to approve loans.

⁽⁸⁾ Andrew Moor's share ownership requirement as CEO during 2012 was one times base salary.

Independence of Directors

Director independence is determined by the Board based on the definition of independence in the Canadian Securities Administrators Independence Rules (the "CSA Rules"). Based on the information obtained from questionnaires completed by each of the nominees, the Board affirmatively determined that 10 of the 11 nominees standing for election to the Board have no material relationship with the Company and are, in their opinion, independent. The following table sets out the relationship of the director nominees to the Company.

	Independent	Not Independent	Reason for Non-Independent status
Austin Beutel	✓		
Eric Beutel	✓		
Joseph Dickstein	✓		
Eric Kirzner	✓		
David LeGresley	✓		
Lynn McDonald	✓		
Andrew Moor		✓	President and CEO of the Company
Katherine Rethy	✓		
Rowan Saunders	✓		
Vincenza Sera	✓		
Morris Shohet	✓		

Independent Board Chair

The Company's Board is led by a non-executive Chair. Maintaining separate Chair and CEO positions provides the Board with stronger leadership and allows the Board to function independently of management and avoid conflicts of interest. Austin Beutel has been Chairman of the Board of the Company since 2004 and of Equitable Trust since 1999.

Independent advice

The Board and each of its committees can retain independent advisors to assist it in carrying out its duties and responsibilities.

Continuing Education and Expertise of the Board

Continuing Education

An effective board must continually update their knowledge and understanding of the Company's business and regulatory environment. The Company provides opportunities for the directors to read and hear about topics specific to their oversight responsibilities.

Presentations provided to the Board in 2012 are set out in the table below:

	Topic	Presented/Hosted by
May 9, 2012	IT Controls and Strategy	Equitable Management
May 24, 2012	Corporate Governance for Deposit Taking Institutions	Hosted by The Trust Companies Association of Canada/ Overview of new Corporate Governance Guideline provided by Superintendent of Financial Institutions
August 9, 2012	Commercial Operations Review	Equitable Management
November 13, 2012	Liquidity Stress Scenario Testing	Equitable Management

In addition, members of the Human Resources and Compensation Committee attended the Institute of Corporate Directors' Human Resources and Compensation Committee Effectiveness program in May, and David LeGresley, a member of the Audit Committee, attended the Institute of Corporate Directors' Audit Committee Effectiveness program in June 2012.

Further information on the Directors' Continuing Education Program is set out on page 48.

Expertise of the Board

The non-management directors identify their areas of expertise in a questionnaire that is completed in January of each year. The Corporate Governance Committee annually reviews an experience and competencies matrix which outlines the various skills and areas of expertise/experience in order to assess the overall strength of the Board and the potential long-term needs of the Board. The table below identifies the areas of expertise/experience as indicated by each director nominee:

Skills & Experience	Austin Beutel	Eric Beutel	Joseph Dickstein	Eric Kirzner	David LeGresley	Lynn McDonald	Andrew Moor	Katherine Rethy	Rowan Saunders	Vincenza Sera	Morris Shohet
Governance/ Board Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CEO/Senior Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Strategic Planning	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management					✓		✓	✓	✓		
Finance / Accounting	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Financial Services	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
Real estate		✓					✓			✓	✓
Human Resources/ Compensation			✓	✓	✓		✓	✓	✓		
Legal / Regulatory					✓		✓	✓	✓		
Marketing/Branding			✓	✓			✓		✓		✓

Interlocking Directorships

In 2012 there was one board interlock between Eric Beutel and Lionel Robins who both sit on the board of NexGen Financial Corporation. With the retirement of Lionel Robins from the board on May 15, 2013, there will be no directors that sit on the same board of another public company.

The Board does not limit the number of its directors who sit on the same board of another public company but reviews interlocking board memberships.

Director Compensation and Attendance

The Corporate Governance Committee is responsible for reviewing and recommending to the Board for their approval, the amount and structure of non-management director compensation. Director compensation is generally consistent with the Company's Executive Officers on both peer group and positioning. The Committee reviews the structure and amount of compensation to ensure it reflects the duties, responsibilities and time commitment required of its directors and remains appropriate within the market and its peer group.

Elements of Director Compensation

Non-management directors receive compensation consisting of cash and deferred share units.

Annual board and committee retainers and meeting fees are paid in quarterly installments, and are pro-rated for partial service. Directors are paid the same fee whether they attend a meeting in person or by conference call. No fees are paid for meetings that are held in 15 minutes or less.

Each non-management director, other than the Board Chair, receives an annual retainer for serving as a director together with meeting fees. The committee chairs each receive a chair retainer and meeting fees. The Board Chair is paid a retainer and does not receive any other retainer or meeting fees.

DSUs are awarded to each director upon their election or re-election to the Board. Directors are entitled to be reimbursed for travel and other expenses when they attend meetings or conduct business on behalf of the Company. Further information on DSUs can be found under the heading *Deferred Share Units* below.

The following table sets out the components of director compensation for the year ended December 31, 2012.

Type	Amount
Board Chair retainer	
• Cash	\$62,500 per year
• Equity grant (DSUs)	\$25,000 per year
Director retainer	
• Cash	\$25,000 per year
• Equity (DSUs)	\$25,000 per year
Committee Chair Retainer	
Audit Committee	\$15,000 per year
Investment Committee	\$10,000 per year
Human Resources and Compensation Committee	\$10,000 per year
Risk and Capital Committee	\$ 5,000 per year
Corporate Governance Committee	\$ 5,000 per year
Board and Committee meeting fees	
More than 2 hours in duration	\$ 1,500 per meeting
2 hours or less in duration	\$ 750 per meeting
Shareholder meeting fee	\$ 600 per meeting

Amounts paid are in respect of a director's services to both the Company and Equitable Trust. All board and committee meetings of the Company and Equitable Trust are held concurrently. In 2012 the total annual cash retainers and meeting fees paid to all non-management directors totalled \$494,825 and total DSUs paid to all non-management directors totalled \$250,000 for a total compensation of \$744,825.

Deferred Share Units

In 2009 the Board implemented the DSU Plan for the non-management directors to strengthen the alignment of interests between the non-management directors and the Company's shareholders by linking a portion of director compensation to the future value of the Company's common shares. Each DSU is a notional share that has the same value as one Company common share. DSUs granted to directors vest immediately and accrue dividend equivalents when dividends are paid on the common shares. DSUs are only redeemable when a director ceases to be a member of the board, at which point they are paid out in cash.

Each year, upon the recommendation of the Corporate Governance Committee, the Board grants a portion of each non-management director's compensation in DSUs. The value of the DSU at the time of the grant and at the time it is redeemed for cash is based on the volume-weighted average trading price of the common shares on the TSX for the five trading days prior to the grant.

Director Total Compensation

The following table shows compensation paid and the value of DSUs awarded to the non-management directors during the year ended December 31, 2012:

	Fees earned (\$)			Share-based awards (DSUs) (\$)	Total (\$)
	Director and Board Chair Retainer (\$)	Committee Chair Retainer (\$)	Attendance Fees (\$)		
Austin Beutel	62,500	-	-	25,000	87,500
Eric Beutel	23,125	8,125	29,100	25,000	85,350
Joseph Dickstein	23,125	5,000	20,100	25,000	73,225
Eric Kirzner	23,125	15,000	19,350	25,000	82,475
David LeGresley	23,125	-	16,350	25,000	64,475
Lynn McDonald	23,125	-	16,350	25,000	64,475
Katherine Rethy	23,125	8,125	14,250	25,000	70,500
Lionel Robins	23,125	-	20,100	25,000	68,225
Morris Shohet	23,125	-	23,850	25,000	71,975
Michael Shulman	23,125	-	28,500	25,000	76,625
TOTAL	270,625	36,250	187,950	250,000	744,825

Director Share Ownership Requirement

The Board believes that share ownership by each director further aligns the interests of directors with the shareholders they represent. Each non-management director is required to hold common shares and/or DSUs with a value equal to three times the director's annual cash retainer within three years of joining the Board. The share value is based on market price or the director's purchase price, whichever is higher.

The Company's Corporate Secretary monitors compliance with the requirement at the beginning of each year for disclosure in the Management Information Circular. As at the date of this Circular, all current directors met this requirement.

Directors are prohibited from, directly or indirectly, entering into any short selling arrangements, or in the trading of puts, calls or options in respect of the Company's shares while serving as a director of the Company.

Outstanding Option-based and Share-based Awards

The granting of options to non-management directors was discontinued in 2009. In March 2012, the Board formally amended the Company's Share Option Plan to exclude non-management directors as eligible participants.

Katherine Rethy is the only non-management director with outstanding options and these will expire on May 15, 2013.

The following table shows the value of Ms. Rethy's options that vested and those that were exercised in 2012:

	Options vested during the year (#)	Option-based awards – value vested during the year ⁽¹⁾ (\$)	Options exercised during the year (#)
Katherine Rethy	5,000	17,500	20,000

⁽¹⁾ Value is based on the closing price of the Company's common shares on the TSX 2012 on the date of vesting and the exercise price of the options.

The following table shows all unexercised options and the value of DSUs held by the non-management directors as at December 31, 2012:

	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised options ⁽²⁾ (\$)	Number of DSUs held ⁽³⁾ (#)	Market or pay-out value of vested DSUs not paid out or distributed ⁽⁴⁾ (\$)
Austin Beutel	-	-	-	-	3,731	121,140
Eric Beutel	-	-	-	-	3,731	121,140
Joseph Dickstein	-	-	-	-	3,731	121,140
Eric Kirzner	-	-	-	-	3,731	121,140
David LeGresley	-	-	-	-	1,622	52,664
Lynn McDonald	-	-	-	-	1,622	52,664
Katherine Rethy	5,000 ⁽¹⁾	21.63	May 15, 2013	55,100	3,731	121,140
Lionel Robins	-	-	-	-	3,731	121,140
Morris Shohet	-	-	-	-	3,731	121,140
Michael Shulman	-	-	-	-	3,731	121,140

⁽¹⁾ Katherine Rethy was granted 25,000 options on May 15, 2008 pursuant to her election to the Board. The exercise price of the options is \$21.63. The options were granted with a five-year term and vest 20% on each anniversary date of the grant.

⁽²⁾ Represents the dollar amount of in-the-money unexercised options based on the difference between the closing price of the common shares on the TSX on December 31, 2012 (\$32.65) and the exercise price of the options.

⁽³⁾ Includes dividend equivalents credited to each non-management director's account from the date of grant to December 31, 2012.

⁽⁴⁾ The dollar amount of the DSUs is based on the volume-weighted average trading price of the common shares on the TSX five days prior to December 31, 2012 plus DSUs acquired through the reinvestment of dividends during 2012. The valuation methodology used to determine the fair value of the DSUs and the accounting fair value is the same.

Director Attendance in 2012

Directors are expected to demonstrate a strong commitment to their roles and responsibilities while serving the Board. The following table shows the number of board and committee meetings held during 2012 and the number of meetings attended by each director. Of the 8 board meetings held in 2012, two related to strategic planning.

Of the 29 meetings of the Investment Committee, 25 of those meetings were called on less than 2 days' notice for the purpose of approving a loan which exceeded management approval limits. It is therefore expected that members will not be able to attend all meetings.

	Board	Audit Committee	Risk & Capital Committee	Corporate Governance Committee	Human Resources & Compensation Committee	Investment Committee	Annual Meeting	Total Attendance	
								#	%
Austin Beutel	8/8	-	4/4	-	-	-	1/1	13/13	100
Eric Beutel	8/8	-	4/4	-	-	28/29	1/1	41/42	98
Joseph Dickstein	8/8	5/5	-	6/6	-	-	1/1	20/20	100
Eric Kirzner	8/8	5/5	4/4	-	-	-	1/1	18/18	100
David LeGresley	8/8	5/5	-	-	-	-	1/1	14/14	100
Lynn McDonald	8/8	-	-	-	5/5	-	1/1	14/14	100
Andrew Moor	8/8	-	-	-	-	27/29	1/1	36/39	92
Katherine Rethy	6/8	-	4/4	-	5/5	-	0/1	15/18	83
Lionel Robins	8/8	-	-	6/6	5/5	-	1/1	20/20	100
Morris Shohet	7/8	-	-	5/6	-	24/29	1/1	37/44	84
Michael Shulman	8/8	-	-	5/6	-	21/29	0/1	34/44	77

Additional Disclosure Concerning the Directors

To the knowledge of the Company, no director nominee:

- (a) is, as at the date of this Circular or has been within the last 10 years, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company that was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of 30 consecutive days that was issued:
 - (i) while the proposed director was acting in the capacity as a director, CEO or CFO, or;
 - (ii) after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;
- (b) is, as at the date of this Circular, or has been within the last 10 years, a director or executive officer of any company that, while acting in that capacity or within a year of 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;
- (c) has, or within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the best of the knowledge of the Company, after due inquiry, no director nominee has been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director nominee.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Governance and Oversight

The Company's compensation governance structure consists of the Board of Directors, the Human Resources and Compensation Committee (the "HRC Committee"), and its independent advisor, Towers Watson. The Company has a Board-approved Compensation Policy, which outlines the Company's compensation philosophy, principles and program guidelines, that apply to all employees, including executive officers. The Board is accountable for ensuring that the principles, objectives, design parameters and implementation standards of the Company's compensation program attract, motivate and retain highly qualified employees critical to the success of the Company and that such practices are aligned with the business strategy and are in compliance with the Principles for Sound Compensation Practices and Implementation Standards established by the Financial Stability Board ("FSB Principles").

The Vice-President, Human Resources reports to the HRC Committee, at least annually, on the effectiveness of the Policy and the overall compensation program, and the Chief Risk Officer ("CRO") is accountable for reporting to the HRC Committee on the alignment of compensation programs and payouts with sound risk management principles and practices. Also, Internal Audit reports the results of its periodic assessment of this Policy and the compensation program to the Audit Committee and the HRC Committee.

The HRC Committee assists the Board in its oversight role with respect to the Company's compensation philosophy and structure by:

- reviewing the Compensation Policy and applicable compensation program;
- reviewing and approving annual corporate and individual performance targets relevant to the compensation of the President and CEO (the "CEO") and annually recommending to the Board the CEO's compensation, following an evaluation of the CEO's performance against such targets;
- recommending the compensation of the remaining Named Executive Officers ("NEOs") to the Board for their approval, following a review of their performance assessments and compensation recommendations provided by the CEO;
- reviewing and approving the compensation of the remaining executive officers, following a review of their performance assessments and compensation recommendations provided by the CEO;
- assessing the appropriateness of compensation relative to actual performance and business risks undertaken;
- reviewing the senior level organizational structure of the Company; and
- supporting the Board in its oversight of succession planning and talent management.

The full mandate of the HRC Committee is available on the Company's website at www.equitabletrust.com.

The HRC Committee is comprised of three independent directors: Katherine Rethy, who serves as Chair, Lynn McDonald and Lionel Robins. All members of the HRC Committee are "independent" within the meaning of the CSA rules. The members of the HRC Committee have gained experience in compensation matters by serving as senior leaders in large organizations, with one member having extensive experience in the financial services sector. The Committee Chair has significant experience in the area of human resources and compensation with prior line responsibility for human resources at a large public company, and as Chair of a Human Resources Committee for another publicly-traded company. The Chair has also sat on the Audit Committee and presently sits on the Risk and Capital Committee. The Board believes that collectively, this experience provides the HRC Committee with the knowledge, skills, experience and background to fulfill its mandate effectively. Moreover, the cross-membership between this Committee and the Risk and Capital Committee supports the effective oversight of compensation and its alignment with the Company's risk management principles.

In addition to the above, the HRC Committee has adopted good governance practices which include utilizing an annual work plan to map out all regularly occurring matters the Committee has responsibility for, holding *in camera* sessions without management present, and working with an external advisor to advise the Committee on the compensation program. These practices have strongly supported the Committee in effectively carrying out its mandate.

In 2012, the HRC Committee held 5 meetings. The CEO and the Vice-President, Human Resources attend the meetings of the HRC Committee. No officer, including the CEO, is present when his or her compensation is discussed.

Independent Advice

Towers Watson has been the HRC Committee’s external independent compensation advisor since 2009. In 2012 the services provided by Towers Watson to the HRC Committee included:

- Reviewing and providing advice on the Compensation Policy and proposed program changes in light of best practices;
- Reviewing the competitiveness of compensation for the CEO and recommending adjustments, as required;
- Providing advice on the annual incentive plan process including the proposed approach to further align the corporate scorecard with incentive payouts;
- Providing recommendations with respect to Long-term Incentive Plan (“LTIP”) eligibility, vehicle mix and grant levels; and
- Reviewing the 2013 Management Information Circular.

The HRC Committee regularly meets *in camera* with Towers Watson to discuss relevant issues and to ensure the overall effectiveness of the HRC Committee’s oversight of compensation.

The table below shows the fees paid to Towers Watson in 2012 and 2011, in respect of services provided:

Services Performed	Fees paid in 2012 (\$)	Fees paid in 2011 (\$)
Executive Compensation-related fees	101,724	109,312
All other fees	0	0

The HRC Committee must pre-approve any service the independent compensation advisor has been requested to provide to management to ensure the services are not compromised. Towers Watson did not provide any service to the Company in 2012.

Aligning Compensation with Risk Management Principles

Effective risk management is critical to our success and the achievement of our business strategies. The Company’s compensation program is designed to ensure that it does not create an incentive for risk taking outside of the Company’s risk tolerance and the Board reviews the program regularly to ensure that it is operating as intended.

The Company, like other financial institutions, is exposed to several risk factors, many of which are beyond the Company’s direct control. The Board plays an active role in monitoring the Company’s core risks and in determining policies that are best suited to manage these risks. The Risk and Capital Committee assists the Board in its oversight of the Company’s management of its core risks and is accountable for reviewing its assessment of the compensation program and its alignment with the Company’s core risks with the HRC Committee. The core risks faced by the Company are described on pages 44 through 52 of our 2012 Annual Report which has been provided with this Circular, and which is available on our website at www.equitabletrust.com.

The Company seeks to align pay with the Company’s business strategy to drive business performance, reward prudent management of a financial institution and the protection of its depositors, be competitive and maximize long term shareholder return within the constraints of the Company’s pre-defined risk appetite. In consideration of the risks associated with the Compensation Program, the HRC Committee has implemented a number of risk-mitigating features, including the following:

- Incentive or variable compensation is awarded based on the achievement of corporate targets that reflect the Company's key performance metrics.
- Key determinants of employees' variable compensation also include a requirement to achieve individual targets, which include behaviours and outcomes desired by the Company, as well as the attainment of departmental and corporate objectives. When making related compensation decisions, managers are also required to consider employees' risk and compliance accountabilities during the performance assessment process.
- The current design of the annual incentive plan supports risk mitigation as corporate and individual performance scores and associated bonus payouts are capped, with no exceptions being granted unless reviewed by the HRC Committee and approved by the Board. As such, there is no incentive to take undue risks that exceed the Company's risk appetite.
- The Committee has the authority to reduce short-term incentives to zero and the Board has overriding discretion to adjust the awards of the NEOs as it deems appropriate.
- Unvested variable compensation is subject to forfeiture in the event of termination of employment.
- Minimum share ownership requirements are in place for the CEO and similar requirements have been implemented for the CFO and CRO in 2013.
- A clawback provision was implemented in 2013 with respect to variable compensation awarded to the CEO, CFO and CRO in cases of fraud or willful misconduct.
- Company policy prohibits all employees from engaging in any hedging activities with respect to the Company's securities.
- The HRC Committee engages an independent compensation consultant to provide advice to the HRC Committee and review key program design changes.
- The Risk and Capital Committee, alongside the HRC Committee, reviews the alignment of the compensation program with the Company's core risks on an annual basis.

The individual performance component for all employees responsible for the Company's key financial, operational and risk management activities (i.e., accounting and finance, risk management, internal audit, compliance and human resources) is linked to overall Company performance and performance against individual objectives. These employees do not report into businesses they support and the success or financial performance of business areas they support or monitor does not affect their performance assessment or compensation. This approach ensures employees remain objective in carrying out their oversight roles and aligns behaviours with overall Company success.

In 2012, to further promote prudent risk management and corporate governance principles in its annual compensation program, the Company required that performance goals for all employees, including executives, must incorporate the following effective behavior measures:

- Understand the Company's risk and compliance management frameworks, policies, guidelines and practices;
- Ensure that all decisions take into account risk management and compliance considerations, and adhere to the appropriate related policies and practices; and
- Positively promote an effective risk and compliance management culture in all daily operations and decisions.

For 2013, performance goals for all employees, including executives, will continue to incorporate the aforementioned effective behaviours, along with the following additions:

- Proactive approach to compliance management and anticipation of changes to the compliance regime; and
- Demonstrate an awareness of the Company's core risks and management of individual and functional responsibilities in a manner consistent with its Risk Appetite Framework.

As noted above, the Board approved a compensation clawback provision in February 2013 whereby, if, in the opinion of the independent directors of the Board, the Company's financial results are restated due in whole or in part to intentional fraud or willful misconduct by the CEO, the CFO and/or the CRO, the HRC Committee and the Board would review all incentive compensation awarded to the Executive Officer that is attributable to performance during the time period restated. Pursuant to this review, the Board will have the discretion to recoup all or a portion of incentive awards that have been awarded or are vested, and cancel unvested LTI awarded to the Executive Officer in the preceding 12 months that are in excess of the amount that would have been received by the Executive Officer under the restated financial statements.

Based on the foregoing, the HRC Committee is satisfied that the Company's Compensation Policy and program does not encourage risks which are likely to have a material adverse effect on the Company.

Aligning Compensation with Financial Stability Board Principles

The FSB Principles were designed to enhance the stability and soundness of financial institutions by protecting them against excessive risk taking. The Company believes that its approach to compensation aligns with the FSB Principles, as outlined in the table below.

FSB Principles	Our Compensation Practices	
The Board actively oversees the design and operation of the Company's compensation system	<ul style="list-style-type: none"> • The Board is responsible for approving the Company's compensation philosophy and structure through the review and approval of the Compensation Policy and incentive plans, as well as reviewing and adjudicating on salary recommendations for the NEOs. • The HRC Committee, which is composed entirely of independent directors: <ul style="list-style-type: none"> ○ Reviews the performance of the executive officers and makes compensation recommendations to the Board; ○ Makes determinations with respect to incentive compensation and criteria; ○ Oversees the hiring, promotion and compensation of executive officers; and ○ Meets <i>in camera</i> at each Committee meeting and provides its report to the Board. 	Effective Governance of Compensation
The Board monitors and reviews the compensation system to ensure it operates as intended	<ul style="list-style-type: none"> • The HRC Committee monitors and reviews the compensation system to ensure alignment with risk management principles and practices. Such reviews include, but are not limited to, the design of compensation program, payouts, and ultimately reviewing and approving the Compensation Policy. • Performance targets for executive officers are established annually in the first quarter. • Performance against established targets is evaluated at the end of each year to assist in determining the compensation award for such year. • The HRC Committee engages an independent compensation advisor to assist in the review of our Compensation program, including the structure and level of compensation to executive officers. 	
Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm	<ul style="list-style-type: none"> • Compensation for employees in control functions, including risk, internal audit, compliance, and finance, is determined based on the Company's overall results and their individual performance and is independent of the specific businesses they support. • The Director, Internal Audit, the CCO and the CFO meet <i>in camera</i> with the Audit Committee at each Committee meeting. • The CRO meets <i>in camera</i> with the Risk and Capital Committee at each Committee meeting. 	
Compensation must be adjusted for all types of risk	<ul style="list-style-type: none"> • The Chair of each of the following Committees, including the Chair of the Board, sits on the Risk and Capital Committee: HRC Committee, Investment Committee and Audit Committee. The cross-membership between each of these Committees and the Risk and Capital Committee supports the effective oversight of the Company's core risks and alignment with its risk management principles. • All incentive plans include a discretionary element which allows the HRC Committee to consider risk when making compensation determinations for executive officers. • The Company's corporate performance scorecard reviewed by the HRC Committee and approved by the Board is used to determine compensation awards. In 2012, the performance measures included: Return on Equity, Earnings per Share and Total Capital Ratio. 	Effective Alignment of Compensation with Prudent Risk Taking
Compensation outcomes must be symmetric with risk outcomes	<ul style="list-style-type: none"> • Performance-based incentives are based on qualitative and quantitative criteria. • Short-term incentives are based on pre-established targets, thresholds and maximum percentages of base salary by employee level, with no minimums or guaranteed bonuses. • Performance-based incentive programs are stress tested to assess the impact of maximum bonus payouts on the Company's capital position. • Variable compensation for all employees is subject to forfeiture if an employee resigns or is terminated for cause. • Effective in 2013, variable compensation awards for the CEO, CFO and CRO are subject to claw back and forfeiture in the event of a financial restatement resulting from intentional fraud or willful misconduct. 	

Compensation payout schedules must be sensitive to the time horizon of risks	<ul style="list-style-type: none"> Options vest 25% in each year after they are awarded and RSUs vest after 3 years. A meaningful portion of a NEO's pay is deferred to ensure alignment of compensation with the risk time horizon and to enhance the focus on creating longer-term value. We have share ownership requirements for the CEO, CFO and CRO to align their interests with shareholders. Employees and directors are prohibited from engaging in any hedging transactions with respect to the Company's shares. 	
The mix of cash, equity and other forms of compensation must be consistent with risk alignment	<ul style="list-style-type: none"> The mix of compensation changes with seniority such that the more senior the position, the greater the percentage of pay delivered in equity-based compensation. 	

Executive Compensation Philosophy

The Company's compensation program is designed to attract, motivate and retain the necessary talent to meet its corporate objectives. In 2012, we reviewed aspects of our existing compensation program and made enhancements to the Compensation Policy to further support this objective, as discussed in further detail in this Circular.

The compensation program has been designed based on the following guiding principles:

- To be competitive and to align with the achievement of corporate, departmental and individual objectives;
- To incent effective teamwork amongst employees, a culture of exceptional service, efficient use of economic and regulatory capital, prudent management to maintain integrity of the institution for shareholders and depositors and delivery of strong financial performance;
- To align with FSB Principles;
- To foster effective risk management practices and reward results that are aligned with the Company's risk appetite;
- To ensure pay is aligned with performance and the amount of pay "at risk" is reflective of the level and nature of the position; and
- To align executive compensation with shareholder interests and long-term value creation.

In determining compensation levels and the compensation structure for executive positions, the HRC Committee strives to ensure a competitive level of total compensation relative to comparative positions in the Canadian market and/or Canadian financial services sector, as appropriate. Our compensation philosophy is to position total target compensation for each executive at the median of comparator market data. Variances from the median may be determined by the HRC Committee based on such factors as individual performance, relevant experience, internal equity and retention considerations. In addition, components of each executive's overall compensation vary with the position and the ability for that position to impact the Company's performance.

This compensation philosophy results in a significant portion of each executive's compensation being "at risk" in order to motivate executives and to align their interests with the creation of long-term shareholder value. Generally, the percentage of total compensation that is "at risk" increases with the seniority of the position. The HRC Committee supports a compensation structure where the link between performance and pay is transparent and easily understood by its employees. Overall, the compensation program applies to all employees and is designed to align with the individual's overall stewardship and governance responsibilities.

Compensation Decision Making Process

Benchmarking and Competitive Positioning

The competitive market for executive talent is drawn from various businesses within the financial services and broader general industry. We regularly review compensation levels based on market research provided by independent consultants, as well as trends and competitive practices obtained through participation in various compensation surveys. For benchmarking and competitive positioning purposes in respect of the NEOs, the Committee periodically reviews the compensation for comparable positions in companies within the same industry, and with which the Company competes for executive talent.

A comprehensive market compensation review was last conducted in 2012 for the CEO, and in 2011 for his direct reports. For purposes of these reviews, a peer group was created in 2011 to reflect the Company's market for executive talent. The following table outlines the comparative position of the Company in relation to this peer group on the basis of total revenue, market capitalization and assets at the time the peer group was created (2011).

Peer Comparator Group			
	• AGF Management Ltd.	• Home Capital Group Inc.	
	• Canadian Western Bank	• HOMEQ Corp.	
	• First National Financial Corp.	• MCAN Mortgage Corp.	
	• Genworth MI Canada Inc.		
	Revenue	Market Cap. ⁽¹⁾	Assets
25th Percentile	\$36	\$226	\$3,894
50th Percentile	\$479	\$1,510	\$5,393
75th Percentile	\$789	\$1,947	\$14,772
Average	\$439	\$1,221	\$8,604
Equitable	\$439	\$375	\$10,257
Percent Rank	47P	27P	59P

All data sourced from S&P Capital IQ and fiscal 2011 financial statements.

⁽¹⁾ Market Capitalization equals total common shares multiplied by closing share price as of December 31, 2011.

The most recent Towers Watson executive compensation report prepared for the HRC Committee concluded that base salary, target total cash and total direct compensation were generally within the competitive range of its peer group for most positions. Upon review of the Towers Watson report, the HRC Committee was satisfied that on average, the Company's compensation is positioned within the competitive range of its peer group and is consistent with the Company's stated compensation philosophy. The HRC intends to conduct a comprehensive competitive market review in 2014, including a review of the composition of its peer comparator group.

Elements of Executive Compensation

Our compensation program consists of four elements: base salary, short-term incentive in the form of an annual cash bonus, long-term incentive in the form of Restricted Share Units ("RSUs") and stock options ("options"), and benefits. The mix of base salary, cash bonus, RSUs and options varies by position, reflecting the function each individual performs and his or her ability to impact the financial performance of the Company and resulting shareholder value. Although base salary provides a level of income reflecting each executive's level of responsibility, capabilities and market experience, the incentive programs are based on individual, departmental and overall Company performance, and are not guaranteed elements of compensation.

	Element	Objective	Performance Period	Form
Total Direct Compensation	Base Salary <i>Fixed</i>	<ul style="list-style-type: none"> Competitive compensation for required skills and experience Recruit and retain top talent 	1 year	Cash
	Short-term Incentive <i>At risk</i>	<ul style="list-style-type: none"> Award achievement of specific corporate financial goals Award achievement of personal objectives tied to each employee's area of responsibility 	1 year	Cash
	Long-term Incentive (Restricted Share Unit Plan) <i>At risk</i>	<ul style="list-style-type: none"> Align interests of executives and shareholders with respect to shareholder value creation Reward achievement of sustained long-term performance Retention 	3 years	RSUs settled in cash
	Long-term Incentive (Share Option Plan) <i>At risk</i>	<ul style="list-style-type: none"> Align interests of executives and shareholders with respect to shareholder value creation Reward achievement of sustained long-term performance 	7 years	Options
Indirect Compensation	Other (Benefits) <ul style="list-style-type: none"> Health benefits Group Registered Retirement Savings Plan ("RRSP") & Deferred Profit Sharing Plan ("DPSP") Employee Share Purchase Plan (ESPP) 	<ul style="list-style-type: none"> Provide market competitive benefit program Invest in employee health and well being Promote responsible retirement planning and support funding for income at retirement 	1 year	Cash

Base Salary

In determining the base salary of executives, the Company's primary goal is to ensure that the competencies and experience required for a particular role are recognized. All executive salaries are set with reference to the executive's level of accountability, competitive market data, internal pay relationships, individual role requirements, and the executive's proven capabilities. Base salaries are reviewed annually and adjusted, as needed, based on the above as well as on general market conditions and Company performance. Significant changes to an executive's mandate may also result in changes to base salary.

Short-term Incentive

The Company provides a short-term incentive ("STI") in the form of an annual cash bonus to all of its full-time employees, including executives. The STI is designed to motivate staff to achieve annual corporate and individual performance targets that align with our business, financial and strategic objectives. As such, this element of compensation is considered "at risk", and payouts earned are directly tied to the achievement of key financial and business objectives.

Effective January 1 2012, the Company updated its STI plan to formalize "target" and "maximum" award levels, incorporate both financial and strategic corporate performance targets, provide an objective and transparent approach to ensuring direct pay-for-performance alignment (i.e., both above and below performance expectations), and align with best practices. Under the updated STI plan, the aggregate amount of funds available for distribution is based primarily on the Company's overall financial performance for the year, and is allocated to eligible employees based on their respective individual performance ratings. A participant's final STI award is derived by multiplying his or her target STI opportunity by the corporate and individual performance scores.

Each employee is eligible for a target award opportunity, expressed as a percentage of his or her salary. A maximum award opportunity is also defined. In 2012, the target award (maximum award) opportunity was 100% (150%) of base salary for the CEO, 55% (82.5%) of base salary for the CFO and CRO, and 25% (37.5%) for other NEOs.

At the beginning of the year, the HRC Committee approves the corporate financial performance measures to be included in the STI plan and threshold, target and maximum performance levels for each measure to align with threshold, target and maximum payout opportunities. For 2012, the corporate financial performance measures included Earnings per Share (“EPS”), Return on Equity (“ROE”) and Total Capital Ratio, each weighted equally. At the end of the year, a Corporate Performance Score is determined based on performance against each metric. The resulting corporate score is subject to modification by up to +/- 20%, based on the HRC Committee’s year-end assessment of the extent to which the Company achieved its predetermined strategic objectives for the year. The overall maximum Corporate Performance Score is capped at 1.25x (minimum = 0x), reflecting exceptional corporate performance.

At the beginning of the year, individual performance objectives are set for each employee, including executives. At the end of the year, each employee’s Individual Performance Score is determined based on an assessment of his or her performance relative to the predetermined objectives. The maximum Individual Performance Score is capped at 1.3x (minimum = 0x), reflecting exceptional individual performance and contribution to the Company’s objectives.

The following chart summarizes the 2012 STI calculation approach:

Target STI		Corporate Performance Score <i>can range from 0x – 1.25x</i>			Individual Performance Score <i>can range from 0x – 1.3x</i>	Final STI Payout
Base Salary	Target STI (% of salary)	Return on Equity (1/3 weight)	Earnings per Share (1/3 weight)	Total Capital Ratio (1/3 weight)	Individual performance scorecard aligned with each employee’s area of responsibility	Target STI x Corporate Performance Score x Individual Performance Score

Although the achievement of the Company’s financial performance metrics is an important consideration when determining the annual STI performance award, it is the HRC Committee’s view that strict adherence to mathematical formulas could lead to unintended results. Accordingly, the HRC Committee retains the discretion to adjust STI awards based on qualitative considerations, such as extenuating circumstances and/or events that may have arisen over the course of the year which impacted the executive’s ability to meet his or her original objectives, any new objectives that were mutually agreed upon during the year, as well as modifications to individual, departmental and/or corporate deliverables. Also, if circumstances warrant, the total amount of the STI award can be adjusted downwards to zero.

In addition to establishing key financial performance metrics for the forthcoming year, the HRC Committee also establishes qualitative individual performance targets for the CEO based on the Company’s long-term business and strategic objectives, and recommends these to the Board for approval. The individual performance objectives for the remaining NEOs are reviewed and approved by the CEO in consultation with each NEO. The objectives vary, based on respective roles and accountabilities, and are generally expected to be measurable and achievable over the course of the year. At the end of the year, the CEO summarized the performance of all direct reports for review and approval by the Committee. The Committee also reviewed with the CEO the general performance of each of his direct reports.

In February 2013, the HRC Committee reviewed the Company’s 2012 financial performance relative to the EPS, ROE and Total Capital Ratio targets approved by the Board at the beginning of the year. The actual performance results and associated performance assessment are shown below:

Performance Factor	Target	Actual	Below/Meets/Exceeds Target
Earnings Per Share	\$4.92	\$5.11	Exceeds
Return on Equity	18.2%	18.7%	Exceeds
Total Capital Ratio	>15.0%	17.4%	Exceeds

In February 2013, based on the financial performance results and individual performance reviews conducted at the end of 2012, the HRC Committee approved the STI awards for each of the CEO's direct reports, except for the NEOs whose awards were recommended by the HRC Committee to the Board for their approval. The HRC Committee also reviewed the CEO's achievement of his objectives and recommended the CEO's STI award to the Board for their approval. For the year-ended December 31, 2012, the STI awards for each NEO were as follows:

	2012 Target STI Award (% of base salary)	2012 Actual STI Award (% of base salary)	2012 Actual STI Award
Andrew Moor	100%	131%	\$767,000
William Edmunds	55%	75.4%	\$195,000
Tim Wilson	55%	69.3%	\$180,000
David Downie	25%	29.8%	\$70,000
Ron Tratch	25%	34.7%	\$75,000

Long-term Incentives

The Company provides long-term incentives ("LTI") to eligible employees in the form of RSUs (for those employees who are middle management and higher), and (ii) options (for those employees who are senior managers and higher). Both forms of equity-based compensation are designed to align the interests of management with the interests of the Company's shareholders. The Company also believes this component of compensation enhances its ability to attract, motivate and retain employees instrumental to the Company's success, and serves as a continuing incentive to build shareholder value and to provide management with an opportunity to build, over time, a meaningful economic stake in the Company.

The annual aggregate value of the grants made under the LTIP for all eligible employees is determined by the HRC Committee upon review of the prior year's financial results. Although the achievement of the Company's financial targets are a consideration in determining the annual aggregate grant value under the LTIP, the HRC Committee has not established specific performance metrics that must be met to receive an LTI grant.

In determining individual grant sizes, the HRC Committee may consider a number of factors including: market competitiveness, the number of any previously granted options, the position level of the employee, the responsibilities associated with such position level, retention considerations, and internal equity. Once a determination is made, the HRC Committee submits its recommendation to the Board for approval.

Eligible executives are provided with LTI awards expressed as a percentage of base salary, the level of which is determined in accordance with the level and degree of influence of the position on overall company success. To ensure that LTI awards are market competitive, the levels of these awards are periodically benchmarked relative to LTI awards for similar positions in companies within the Company's peer group or broader general industry.

During 2012, the HRC Committee retained Towers Watson to assist the Company in optimizing its LTI program, with the objective of better aligning the Company's LTI award levels with the competitive market. Based on Towers Watson's recommendations, the Company has positioned its LTI awards at, or close to, the 50th percentile of the competitive market, effective for 2013 grants. These changes align with the HRC Committee's intent to grant a greater portion of the NEOs total compensation in LTI, to align with the objective of deferring compensation in accordance with the Company's longer term risk adjusted performance. The grant value of LTI awarded to NEOs in February 2013 (in respect of 2012 performance) was equally split between RSUs and options, save and except the CEO, whose LTI was split 75% in options and 25% in RSUs.

The number of RSUs granted to an executive is determined on the grant date by dividing the target RSU award value by the previous five-day weighted average trading price of a common share. The number of options granted to an executive is determined prior to the grant by dividing the target option award value by the value of such option.

The RSU and option awards for each NEO granted in February 2013 in respect of 2012 performance were as follows:

	2012 RSU Awards			2012 Option Awards		
	Number Awarded (#)	Grant Date Fair Value ⁽¹⁾ (\$)	Award (% of base salary)	Number Granted (#)	Grant Date Fair Value ⁽²⁾ (\$)	Award (% of base salary)
Andrew Moor	3,240	117,011	20.0%	54,000	351,000	60.0%
William Edmunds	1,790	64,645	25.0%	9,943	64,630	25.0%
Tim Wilson ⁽³⁾	1,800	65,006	25.0%	10,000	65,000	25.0%
David Downie	650	23,474	10.0%	3,613	23,485	10.0%
Ronald Tratch	599	21,633	10.0%	3,328	21,632	10.0%

⁽¹⁾ The grant date fair value shown is based on the volume-weighted average trading price of the common shares on the TSX for the five days prior to March 7, 2013 of \$36.11.

⁽²⁾ The grant date fair value is shown based on Black-Scholes option pricing model value of \$6.50 per option.

⁽³⁾ Mr. Wilson also received 30,000 options on March 5, 2012 and 10,000 options on May 15, 2012 pursuant to his employment agreement. The grant date fair value was \$6.83 and \$4.83, respectively, based on a Black-Scholes option pricing model.

RSU Plan

The RSU Plan was introduced in 2011 to foster retention and align with the competitive market in terms of LTI mix. Awards made under the RSU Plan replace some of the incentive opportunities granted previously solely through options. Each RSU represents one notional common share and earns notional dividends, which are re-invested into additional RSUs when cash dividends are paid on the Company's common shares. RSUs are awarded by the Board in February (in recognition of the previous year's performance) during the annual compensation process and vest at the end of three years ("cliff vest"), subject to continued employment. Each RSU held at the end of the vesting period, including those acquired as dividend equivalents, will be paid to the participant in cash, the value of which will be based on the volume-weighted average closing price of the Company's common shares on the TSX for the 5 consecutive trading days immediately prior to vesting. RSUs are awarded to mid-level management employees and above.

Option Plan

The Option Plan was established in 2004 for the purpose of attracting, motivating and retaining employees instrumental to the Company's success. It also serves as a continuing incentive to build shareholder value and to provide senior management with an opportunity to build, over time, a meaningful economic stake in the Company. Options are awarded to executives and other eligible employees.

The maximum number of common shares that may be issued under the Option Plan is 1,475,570 common shares, representing 9.71% of the Company's issued and outstanding common shares as at December 31, 2012.

The number of common shares issuable to insiders at any time or issued to insiders within any one-year period pursuant to all security based compensation arrangements shall not exceed 10% of the Company's outstanding common shares. In 2012 the Board granted to the Company's insiders a total of 124,587 options, representing 0.8% of the total number of outstanding common shares, of which 78.6% were granted to the NEOs.

No insider can be granted options exceeding 5% of the number of issued and outstanding common shares. As of April 10, 2013, the maximum number of common shares any insider was entitled to receive under the Option Plan was 236,692 common shares, representing 1.6% of the total number of common shares outstanding.

Each option held expires on the date determined by the Board at the time of grant of such option or no later than ten years after the date of such grant. Prior to 2009, options were granted with a five-year term and vested 20% per year commencing on the first anniversary date of the grant. In 2009, the Board granted options for a six-year term with five-year ratable vesting and in 2011, the Board commenced granting options for a seven-year term with four-year ratable vesting. Options may be exercised in whole or in part before the expiration date set by the Board at the time of the grant. Should the expiry date occur during a blackout period or within the ten business days immediately following such blackout period imposed by the Company, the expiry date will be automatically extended for 10 business days after the last day of the blackout period.

Options are granted at an exercise price determined from the volume weighted average trading price of the Shares, which is calculated by dividing the total value by the total volume of securities traded for the five trading days immediately preceding the date of the grant of such option.

The Company does not provide financial assistance to participants who wish to exercise vested options.

The Board may, at any time, amend, suspend or terminate the Option Plan or any portion of the Option Plan, subject to any required shareholder or regulatory approval. Subject to receipt of requisite regulatory approval, where required, the Board may make the following types of amendments to the Option Plan without shareholder approval:

- “housekeeping” and administrative changes;
- changes to the terms, conditions and mechanics of grant, vesting, exercise and early expiry of an option;
- any amendments designed to comply with applicable laws, tax or accounting regulations;
- the addition of a cashless feature, payable in cash or securities, which provides for a full deduction in the number of underlying securities from the Plan’s reserve, and
- any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules, regulations and policies of the TSX.

During the last fiscal year the Board exercised its authority and amended the Option Plan to provide for the cashless exercise of options.

Shareholder approval is required for certain other amendments, such as:

- an increase in the maximum number or percentage of the issued and outstanding common shares of the Company that may be reserved for issuance under the Option Plan;
- a reduction in the exercise price of options or any cancellation and reissuance of options at a lower exercise price to the same person;
- an extension of the expiry date of an option held by insiders; and
- any change to the class of eligible recipients that may be granted options.

Other terms and conditions of the Option Plan include:

Event	Options Vested but Unexercised on Departure Date	Unvested Options on Departure Date
Resignation	Exercisable for 30 days, or as may be determined by the Board	Forfeited
Retirement	Exercisable for 30 days	Forfeited
Termination	Exercisable for 30 days	Forfeited
Death	Exercisable by the earlier of the original expiry date and one year	Forfeited

In the event of a change of control, all unvested options vest and become exercisable as further described on page 40. Options cannot be transferred or assigned, other than to a legal representative in the case of a participant’s death.

Benefits

Executive Officers receive the same benefits as all employees, including medical and dental care plans and life, disability and accident insurance. In addition, members of the executive team are entitled to participate in an annual executive medical program.

The Company does not have a pension plan for its executives and employees. All employees are eligible to participate in the Company's Group Registered Retirement Savings Plan ("RRSP") and Deferred Profit Sharing Plan ("DPSP") (collectively the "Plan"). The Company will make a maximum contribution of 5% of annual salary per year to the DPSP during the first five years of employment and 7.5% after five years of employment. The Company's contributions vest after two years of membership in the DPSP. In the event of termination within the two-year period of Plan membership, the Company's unvested contributions under the DPSP are returned to the Company. The Company does not provide any additional or supplemental pensions, retirement allowances or similar benefits to any executive officers.

In order to develop a sense of ownership and align the interest of the Company and employees, the Board approved an Employee Share Purchase Plan ("ESPP") on March 28, 2012, which was implemented in July 2012. Under the ESPP, employees may contribute up to 10% of their annual base salary to purchase common shares of the Company. The Company makes a matching contribution, on a delayed basis, of 50% of the employee's contribution up to a maximum of \$2,500 per year. Common shares will be purchased on the market by an independent provider using amounts contributed.

Share Ownership Requirements for Executive Officers

The Board strongly supports equity ownership by Company employees and believes that the senior executive officers should have a meaningful investment in the common shares of the Company. Until the end of 2012 the CEO was required to maintain equity ownership equal to one times his annual base salary. In February 2013, the Board increased the share ownership of the CEO to three times base salary and implemented similar requirements for the CFO and CRO, as set out in the table below:

	Share Ownership Requirement	Years to Meet Requirement
President & CEO	3 x base salary	Met
Senior Vice-President & CRO	1 x base salary	5
Vice-President & CFO	1 x base salary	5

2012 Named Executive Officers' Compensation Awards

The section discusses the compensation awards of our NEOs for 2012:

Andrew Moor, President and Chief Executive Officer

Tim Wilson, Vice-President and Chief Financial Officer

William Edmunds, Senior Vice-President and Chief Risk Officer of Equitable Trust

David Downie, Vice-President, Commercial Mortgage Origination of Equitable Trust

Ron Tratch, Vice-President, Commercial Credit of Equitable Trust

The total amount of the 2012 STI and LTI awards to all NEOs was reviewed by the HRC Committee and approved by the Board. The approval was based on the Company's strong earnings performance and overall corporate performance for the year ending December 31, 2012. In making their determination, the HRC Committee gave specific consideration to management's success in achieving the corporate / financial targets which were established in the first quarter of 2012. In addition to incentive compensation, the Board also approved base salary increases for all NEOs.

Andrew Moor, President and Chief Executive Officer

Mr. Moor joined Equitable as President and CEO in March 2007. Immediately prior to joining Equitable, he was President and Chief Executive Officer of Invis Inc., Canada's largest residential mortgage brokerage and had previously been President of SMED International Inc., a TSX-listed manufacturer of office interiors. Mr. Moor commenced his career in financial services in investment banking and private equity at CIBC Wood Gundy. Mr. Moor is a director of the Trust Companies Association and a past Chair and current member of the Government Relations Committee of the Canadian Association of Accredited Mortgage Professionals. He holds an MBA from the University of British Columbia and a Bachelor of Science degree in Engineering from University College London.

Responsibilities

Mr. Moor's responsibilities include: developing and executing strategic, operating and capital plans; overseeing the effectiveness of the Company's financial structure; maintaining a strong risk management culture; creating and overseeing a diverse, capable and engaged workforce; acting as official spokesperson for the Company; promoting the effectiveness of the Board; and demonstrating strong leadership.

2012 Performance

CEO compensation decisions are made by the Board in consultation with the HRC Committee. In February 2012, the Board approved an increase in Mr. Moor's base salary for 2012 from \$565,000 to \$585,000. The 3.5% increase reflected Mr. Moor's achievements as determined by the Board.

For the year ending December 31, 2012, Mr. Moor was eligible for a target STI award of 100% of his base salary and a maximum STI award of 150% of his base salary. The HRC Committee considered Mr. Moor's compensation in light of the Company's corporate and financial performance and his personal performance in attaining his objectives for the year. These objectives included the execution of the company's operational plan for the year, strategic development of the business, goals related to prudent operation of the business, positioning the business to meet evolving regulatory standards and developing the organization and goals related to investor relations initiatives. Mr. Moor was assessed as having performed strongly against his objectives on quantitative measures that included: EPS, ROE and Total Capital Ratio exceeding targets under the corporate performance scorecard, origination volumes meeting targets, and a continuing improvement in employee engagement scores. Similarly, Mr. Moor performed strongly on qualitative objectives that included: launching the Single Family business in Halifax, positioning the Company to meet the expectations of enhanced corporate governance standards, enhancing the customer service experience and investor relations activities. Based on the HRC Committee's assessment of his performance, a bonus payment of \$767,000 was awarded to Mr. Moor representing 131% of his base salary.

In addition, the LTI component of Mr. Moor's compensation package was increased to provide enhanced alignment of compensation with risk time horizon, focus on long-term value creation and stronger alignment with competitive market practices.

Mr. Moor was granted approximately 80% of his base salary in LTI, totalling an approximate value of \$468,000. 75% of the LTI award was granted in options with an estimated value of \$351,000 and 25% of the LTI award was granted in RSUs with an estimated value of \$117,000.

Tim Wilson, Vice-President and Chief Financial Officer

Mr. Wilson joined Equitable in January, 2012 as Vice-President and CFO. Previously, Mr. Wilson was President of VISA Canada and has held other executive positions in the financial services industry during his career. Mr. Wilson is a Chartered Accountant and holds a Master of Business Administration degree from Harvard University Graduate School of Business as well as a Bachelor of Commerce degree from Queens University.

Responsibilities

Mr. Wilson is responsible for managing the financial affairs of the Company, including Finance, Accounting, Treasury and Deposit Services, as well as supporting the CEO and Senior Management with strategic initiatives.

2012 Performance

In 2012, Mr. Wilson was assessed against specific goals related to initiatives in financial planning and reporting, funding and capital management, capital allocation and treasury management. Mr. Wilson was assessed as having performed well in bringing improved financial reporting to senior management and the Board and in reorganizing the operations of the Finance function to deliver more timely reporting in an efficient manner. Mr. Wilson was also successful in obtaining an investment grade debt rating for the Company during the year and raising \$65 million of debentures.

Mr. Wilson's base salary of \$260,000 was established at his date of hire in January 2012. For the year ending December 31, 2012, Mr. Wilson was eligible for target STI award of 55% of his base salary, and a maximum of STI award of 82.5% of his base salary. In recognition of his superior performance coupled with the Company's corporate and financial performance, Mr. Wilson received an STI award of \$180,000, which represents 69.3% of his base salary. Mr. Wilson was also granted approximately 50% of his base salary in LTI, totalling an approximate value of \$130,000 split equally between RSUs and options, as per the plans described in this Circular.

William Edmunds, Senior Vice-President and Chief Risk Officer of Equitable Trust

Mr. Edmunds has been Senior Vice-President and Chief Risk Officer of Equitable Trust since July 2007. Prior to joining Equitable Trust, Mr. Edmunds held positions with a number of financial institutions and has over 38 years in the financial services industry, with an emphasis on risk management.

Mr. Edmunds received his Bachelor of Economics from the University of Western Ontario. Mr. Edmunds is also a Certified General Accountant, a Fellow of the Institute of Canadian Bankers, and an Accredited Mortgage Professional.

Responsibilities

Mr. Edmunds is responsible for risk management for Equitable Trust, including chairing the Enterprise Risk Management Committee, managing the Internal Capital Adequacy Assessment Process ("ICAAP"), and risk analytics.

2012 Performance

In 2012, Mr. Edmunds' individual performance was assessed against a number of specific goals established at the beginning of the year principally in the areas of enhancing the enterprise risk management capabilities of the organization and the management and development of risk policies. Mr. Edmunds significantly enhanced risk management capabilities related to the ICAAP and the risk appetite framework and improved the functioning and effectiveness of the Risk and Capital Committee and Enterprise Risk Management Committee through initiatives in stress testing and operational risk management. In addition, Mr. Edmunds was successful in continuing to maintain and develop risk policies that ensured that the business operated with strong risk controls and within the established risk appetite.

In February 2012, the Board approved an increase in Mr. Edmunds base salary from \$251,000 to \$258,530. For the year ending December 31, 2012, Mr. Edmunds was eligible for a target STI award of 55% of his base salary and a maximum STI award of 82.5% of his base salary. In recognition of both his excellent performance and the Company's corporate and financial performance, Mr. Edmunds received an STI award of \$195,000, which represents 75.4% of his base salary. Mr. Edmunds was also granted approximately 50% of his base salary in LTI, totalling an approximate value of \$129,265, split equally between RSUs and options, as per the plans described in this Circular.

David Downie, Vice-President, Commercial Mortgage Origination of Equitable Trust

Mr. Downie was appointed Vice-President in February 2013, having previously held the title of Assistant Vice-President. Prior to joining Equitable Trust in 1999, Mr. Downie worked in the mortgage business for 15 years in the financial services industry.

Responsibilities

Mr. Downie is responsible for the Commercial Broker Services business and for the direct origination of commercial loans. He oversees teams in both Montreal and Toronto.

2012 Performance

In 2012, Mr. Downie's goals were established with individual goals related to building Equitable's brand and presence in the small commercial loan market and volume targets for the direct origination of larger loans. Mr. Downie performed strongly in building the Company's position for small commercial loans and improving the process for origination of these loans to improve customer service. Mr. Downie oversaw more modest loan growth in 2012 as the result of increased competitive factors and the Company's decision to maintain its disciplined approach to capital allocation and pricing.

In February 2012, the Board approved an increase in Mr. Downie's base salary from \$228,000 to \$234,840. For the year ending December 31, 2012, Mr. Downie was eligible for a target STI award of 25% of his base salary and a maximum STI award of 37.5% of his base salary. In recognition of his performance and the Company's corporate and financial performance, Mr. Downie received an STI award of \$70,000, which represents 29.8% of his base salary. Mr. Downie was also granted approximately 20% of his base salary in LTI, totalling an approximate value of \$46,968, split equally between RSUs and options.

Ron Tratch, Vice-President, Commercial Credit of Equitable Trust

Mr. Tratch joined Equitable Trust in August 2011 as Vice-President, Commercial Credit. Prior to joining Equitable Trust, Mr. Tratch held positions with a private equity firm and prior to that with GE Commercial Finance for a period of 15 years. He received his Bachelor of Commerce degree from the University of Calgary and is a Certified Management Accountant.

Responsibilities

Mr. Tratch is responsible for management of the commercial credit risk operations of Equitable Trust. In his role he oversees credit decisions and funding for both Commercial Broker Services and Commercial Lending Services.

2012 Performance

Mr. Tratch's individual goals for 2012 were focused in the areas of commercial mortgage origination, management of the commercial mortgage portfolio and certain specific strategic objectives. Mr. Tratch was assessed as being successful with respect to his responsibilities in mortgage origination with positive audit results, low delinquency and strong origination volumes. Similarly, process and management changes related to monitoring the commercial mortgage portfolio and managing risk were deemed successful.

In February 2012, the Board approved an increase in Mr. Tratch's base salary from \$210,000 to \$216,300. For the year ending December 31, 2012, Mr. Tratch was eligible for a target STI award of 25% of his base salary and a maximum STI award of 37.5% of his base salary. In recognition of his performance and the Company's corporate and financial performance, Mr. Tratch received an STI award of \$75,000, which represents 34.5% of his base salary. Mr. Tratch was also granted approximately 20% of his base salary in LTI, totalling an approximate value of \$43,260, split equally between RSUs and options.

Changes to Executive Compensation for 2013

As discussed previously, the Company continues to review its Compensation Policy and program in light of best practices, and made some significant enhancements to the program effective for 2013. These include:

- Enhancing the competitiveness of LTI awards for all NEOs, including the target award levels and mix of award vehicles;
- Implementation of a clawback provision applicable to the CEO, CFO and CRO; and
- Increasing share ownership requirements for the CEO and introducing minimum shareholder requirements for the CFO and CRO.

Increases to base salary for the NEOs approved in February 2013 were as follows:

	2012 Base Salary (\$)	2013 Base Salary (\$)	% Increase
Andrew Moor	585,000	600,000	2.6%
William Edmunds	258,530	266,300	3.0%
Tim Wilson	260,000	267,800	3.0%
David Downie	234,840	239,540	2.0%
Ron Tratch	216,300	222,750	3.0%

The HRC Committee does not expect to make any other significant changes to the Compensation program in 2013.

Cost of Management Ratio

The following table shows the total aggregate compensation for the NEOs and the percentage of net income in each of the last three years:

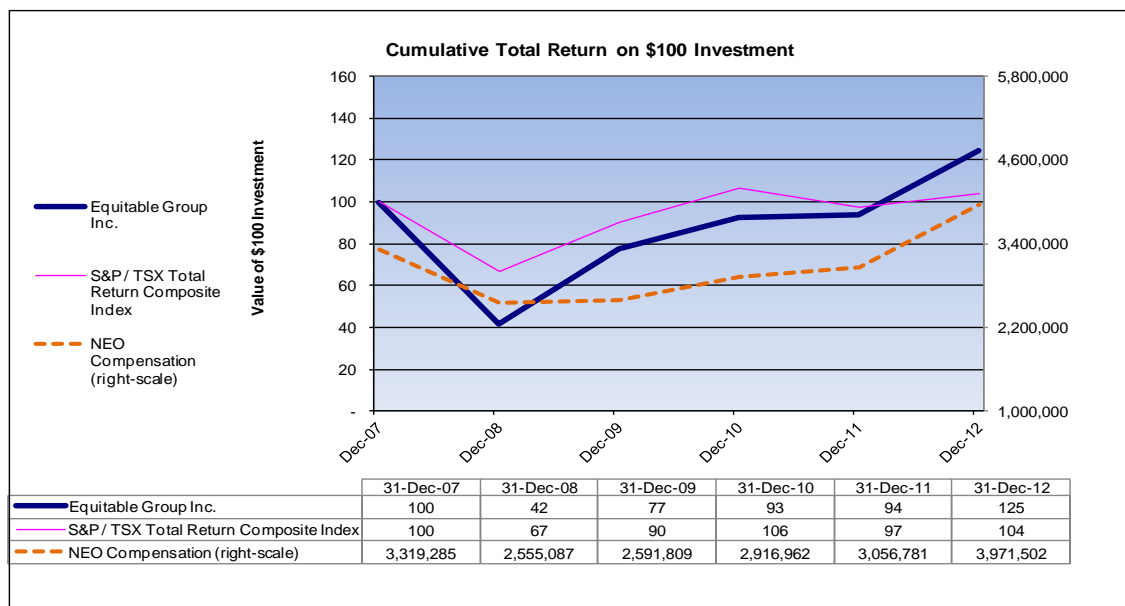
	2012	2011 ⁽¹⁾	2010 ⁽²⁾
Total Aggregate NEO Compensation	\$3,971,502	\$3,056,781	\$2,917,000
Net Income After Tax	\$81,207,000	\$62,186,000	\$54,267,000
Total Aggregate NEO Compensation as a % of Net Income After Tax	4.89%	4.92%	5.38%

⁽¹⁾ NEOs in 2011 were Andrew Moor, John Ayanoglou, William Edmunds, David Downie and Ron Tratch.

⁽²⁾ NEOs in 2010 were Andrew Moor, John Ayanoglou, William Edmunds, David Downie and Caryn Markman.

Performance Graph

The following graph compares the cumulative total shareholder return for \$100 invested in the Company's common shares over the five year-period from December 31, 2007 to December 31, 2012 with the cumulative total shareholder return of the S&P/TSX Composite Index over the same period. It assumes the reinvestment of all dividends. The change in annual total NEO compensation over this same period demonstrates alignment of pay with performance.



SUMMARY COMPENSATION TABLE

The following table summarizes total compensation awarded to the NEOs of the Company and Equitable Trust in respect of the financial year ended December 31, 2012 and the two prior calendar years:

Name and principal position	Year	Salary (\$)	Share-based Awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation (\$)	Pension value ⁽³⁾ (\$)	All Other Compensation (\$)	Total compensation ⁽⁴⁾ (\$)
					Annual incentive plans (\$)			
Andrew Moor President and Chief Executive Officer	2012	585,000	117,011	351,000	767,000	11,910	1,750	1,883,671
	2011	565,000	-	325,736	500,000 ⁽⁵⁾	11,000	-	1,401,736
	2010	550,000	-	441,000	300,000 ⁽⁵⁾	11,000	-	1,302,000
Tim Wilson Vice-President and Chief Financial Officer	2012	258,167	65,006	318,200 ⁽⁶⁾	180,000	9,208	1,250	831,832
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A
William Edmunds Senior Vice-President and Chief Risk Officer	2012	258,530	64,645	64,630	195,000	11,910	1,750	596,465
	2011	251,000	43,246	40,639	165,000	11,000	-	510,885
	2010	243,904	-	76,875	150,000	8,537	-	479,316
David Downie Vice-President, Commercial Mortgage Origination	2012	234,840	23,474	23,485	70,000	10,764	1,250	363,813
	2011	228,000	17,327	16,255	70,000	11,000	-	342,582
	2010	221,450	-	30,750	70,000	11,000	-	333,200
Ron Tratch Vice-President, Commercial Credit	2012	216,300	21,633	21,632	75,000	9,940	1,217	345,721
	2011	86,827 ⁽⁷⁾	13,833	56,886	30,000	-	-	187,546
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ RSUs were awarded in March 2013 in recognition of the NEO's performance in 2012. The grant date fair market value of the RSUs is based on the volume-weighted average trading price of a Company common share on the TSX for the five days prior to March 7, 2013 of \$36.11.

⁽²⁾ The Black-Scholes option pricing model is used to determine both the value of stock options for compensation purposes and the accounting fair value. With the exception of 30,000 options granted on March 5, 2012 and 10,000 options granted on May 15, 2012, all of which were granted to Mr. Wilson, the assumptions used in determining the fair value of the options were; an exercise price of \$36.11, a stock volatility of 23.8%, a dividend yield of 1.75%, an option term of 4.75 years, and an interest rate of 1.44%. The fair value of each option granted for compensation purposes in March 2013 for performance in 2012 was \$6.50. The accounting fair value of each option granted in March 2013 for performance in 2012 was \$6.50 for Messrs. Moor, Wilson and Edmunds and \$4.88 for Messrs. Downie and Tratch as a result of a 25% forfeiture assumption applied to options granted to non-Senior Management. The accounting fair value of each Option granted for 2011 was \$6.83 for both Mr. Moor and Mr. Edmunds and \$5.13 for all other NEO's. The accounting fair value of each Option granted for 2010 was \$6.30 for Mr. Moor and \$4.61 for all other NEO's.

⁽³⁾ Reflects the Company's contribution to the NEO's DPSP.

⁽⁴⁾ The value of perquisites and benefits for each NEO did not exceed \$50,000 and/or 10% of the total annual salary and bonus.

⁽⁵⁾ Pursuant to the terms of his Employment Agreement, as amended on December 7, 2009, (the "Agreement") Mr. Moor received \$166,667 and \$100,000 representing one third of his 2011 and 2010 annual bonuses, respectively, with the remaining two thirds of each bonus deferred over the next two years. Each one-third cash payment was satisfied by payment of a deferred amount calculated in accordance with the Agreement.

⁽⁶⁾ Value for Mr. Wilson includes 30,000 options granted on March 5, 2012 and 10,000 options granted on May 15, 2012 pursuant to his employment agreement. The grant date fair value of each option was \$6.83 and \$4.83, respectively, based on Black-Scholes option pricing model.

⁽⁷⁾ Mr. Tratch joined the Company on August 2, 2011. The disclosed annual salary was pro-rated to reflect his employment in 2011.

INCENTIVE PLAN AWARDS

Outstanding Option-based Awards and Share-based awards

The table below shows all NEO option awards that were outstanding as at December 31, 2012:

	Compensation Year	Option-based Awards				Share-based Awards (RSUs)		
		Number of securities underlying unexercised options		Option exercise price	Option expiration Date	Value of unexercised in-the-money options ⁽¹⁾	Number of shares or units that have not vested ⁽²⁾	Market or payout value of share-based awards that have not vested
		Vested	Unvested					
		(#)	(#)	(\$)		(\$)		(\$)
Andrew Moor	2009	19,000	6,000	11.55	Nov 25, 2013	527,500	-	-
	2010	24,000	16,000	20.60	Dec 7, 2015	482,000	-	-
	2011	28,000	42,000	24.50	Dec 10, 2016	570,500	-	-
	2012	-	47,692	29.32	Mar 5, 2019	158,814	-	-
Tim Wilson ⁽³⁾	2012	-	30,000	29.32	Mar 5, 2019	99,900	-	-
	2012	-	10,000	27.23	May 12, 2019	54,200	-	-
William Edmunds	2009	9,000	4,000	11.55	Nov 25, 2013	274,300	1,505	48,854
	2010	5,000	5,000	20.60	Dec 7, 2015	120,500	-	-
	2011	5,000	7,500	24.75	Dec 7, 2016	98,750	-	-
	2012	-	5,950	29.32	Mar 5, 2019	19,814	-	-
David Downie	2009	-	6,000	11.55	Nov 25, 2013	126,600	603	19,575
	2010	1,000	2,000	20.60	Dec 7, 2015	36,150	-	-
	2011	2,000	3,000	24.75	Dec 7, 2016	39,500	-	-
	2012	-	2,380	29.32	Mar 5, 2019	7,925	-	-
Ron Tratch	2011	1,875	5,625	26.01	Dec 12, 2018	49,800	481	15,627
	2012	-	1,905	29.32	Mar 5, 2019	6,344	-	-

⁽¹⁾ Value is based on the closing price of the Company's common shares on the TSX on December 31, 2012 of \$32.65 less the exercise price of the options.

⁽²⁾ Includes RSUs accumulated on the reinvestment of dividends.

⁽³⁾ Mr. Wilson was granted 30,000 options on March 5, 2012 and 10,000 options granted on May 15, 2012 pursuant to his employment agreement.

Incentive Plan Awards – value vested or earned during the year

The following table shows the value of option-based awards that vested in the year ended December 31, 2012, and the annual short-term incentive/cash bonus awarded to each NEO in respect of 2012 performance (paid in February 2013). None of the outstanding RSUs held by NEOs vested in the year ended December 31, 2012.

	Option-based awards - value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation - value earned during the year (\$)
Andrew Moor	265,780	767,000
Tim Wilson	-	180,000
William Edmunds	102,375	195,000
David Downie	133,570	70,000
Ron Tratch	13,106	75,000

⁽¹⁾ Value is based on the closing price of the Company's common shares on the TSX on the date of vesting and the exercise price of the options. If the closing price of the Company's common shares was below the exercise price, the option had no current value and is valued at \$0.

Securities Authorized for Issuance under Equity Compensation Plans

The following table lists the number of common shares to be issued upon the exercise of outstanding options under the Option Plan, the weighted-average exercise price of the outstanding options, and the number of securities remaining for future issuance under the Option Plan as at April 10, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options (3.9% of outstanding common shares as at April 10, 2013)	Weighted-average price of outstanding options (\$)	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾ (5.8% of outstanding common shares as at April 10, 2013)
Equity compensation plans approved by securityholders	593,966	25.89	881,604

⁽¹⁾ Based on the maximum number of common shares reserved for issuance under the Option Plan upon the exercise of options of 1,475,570.

Defined Contribution Plan Table

The following table shows details concerning RRSP and DPSP contributions for each NEO as at December 31, 2012:

	Accumulated value at start of year (\$)	Compensatory (\$)	Non-compensatory ⁽¹⁾ (\$)	Accumulated value at year-end (\$)
Andrew Moor	77,424	11,910	13,813	103,147
Tim Wilson	-	9,208	4,983	14,192
William Edmunds	78,603	11,910	20,370	110,883
David Downie	93,533	10,764	14,822	119,119
Ron Tratch	-	9,940	5,633	15,573

⁽¹⁾ Reflects NEO's contribution to the Group RRSP and interest earned on Company's and NEO's contributions.

TERMINATION AND CHANGE OF CONTROL

Equitable Trust had employment agreements in place with each NEO during 2012. The details relating to payments and other obligations arising on the termination of their employment, resignation, death and change of control pursuant to the terms of their respective employment agreement and to the terms and conditions of the Option Plan and RSU Plan are described below. Except where stated otherwise, (i) the salaries of each NEO will cease as of the date of termination, and (ii) each NEO is entitled to receive any accrued and outstanding base salary and amounts owing under Equitable Trust's benefits program, including accrued vacation pay, up to the date of termination.

Termination with Cause

In the event of termination with cause, Mr. Moor would be entitled to payment of the cash amount of any deferred performance bonus. No other NEO is entitled to any further compensation following their date of termination. In addition, any unvested options are cancelled and any vested options are exercisable for 30 days from the date of termination. The RSUs held by all NEOs would be immediately forfeited and cancelled.

Termination without Cause

In the event of termination without cause, the following provisions apply:

Severance

Messrs. Moor and Edmunds are entitled to salary continuance in an amount equal to their base salary plus the average performance bonus for the immediate preceding 3 years, for the earlier of 13 months, plus one additional month for each year of employment to a maximum of 24 months (the 'Severance Period'), or re-employment. Upon re-employment/request, a lump sum payment of 50% of salary continuance for the remaining period would be provided, and all other benefits cease.

Mr. Wilson is entitled to salary continuance of base salary plus average performance bonus for the immediately preceding 3 years, or the period of employment if employment is less than 3 years, for the earlier of 12 months or upon re-employment. If termination occurs on or after the 5th year of employment, Mr. Wilson's severance entitlement is the same as that of Messrs. Moor and Edmunds described above.

While neither Mr. Tratch or Mr. Downie are entitled to salary continuance, Mr. Tratch is entitled to 3 months' notice, plus 1 month notice for each year of employment thereafter (or pay in lieu of thereof), up to a maximum of 12 months, and Mr. Downie is entitled to an amount equal to 8 weeks' salary.

Performance Bonus

If terminated *prior* to the end of any fiscal year, Mr. Moor and Mr. Wilson are entitled to a payment equal to the average performance bonus earned for the immediate preceding 3 years, pro-rated to the number of days in that fiscal year up to the date of termination. If terminated between January 1 of any year and the board meeting dealing with year-end matters in February of that same year, they are entitled to receive a full bonus for the preceding fiscal year.

Messrs. Edmunds, Tratch and Downie are not entitled to any pro-rated performance bonus in the year of termination.

Options

Mr. Moor's unvested options that would have vested in the fiscal year following the date of termination would be deemed vested and exercisable for a period of 30 days from the date of termination.

For Messrs. Wilson and Edmunds, if termination occurs during the first year following a grant of options, none of the granted options vest. If termination occurs during the second year following a grant of options, the options which would vest at the next anniversary date of such grant will be deemed to have vested. If termination occurs during the third year or later after a grant of options, the options which would vest at the next 2 anniversary dates of such grant will be deemed to have vested.

For Messrs. Tratch and Downie, all unvested options are cancelled upon termination and all vested options are exercisable for 30 days following termination.

Restricted Share Units

All NEOs are entitled to a pro rata number of RSUs based on the number of days during the vesting period prior to termination date as compared to the entire term of the vesting period. The balance of RSUs are forfeited and cancelled.

Other

Messrs. Moor and Edmunds are entitled to continued coverage under Equitable Trust's benefits program for the lesser of the Severance Period or upon re-employment.

Mr. Wilson is entitled to outplacement services for a period determined at the sole discretion of the Company and continued coverage under Equitable Trust's benefits program for the earlier of 12 months or re-employment. Additionally, if Mr. Wilson is terminated after 5 years of employment, Mr. Wilson is also entitled to continued coverage under Equitable Trust's benefits program for a period of 13 months plus one additional month for each year of employment to a maximum of 24 months.

Messrs. Tratch and Downie are not entitled to any other amounts upon termination without cause.

Death

In the event of death, the following provisions apply:

Severance

The salary of a NEO immediately ceases as of the date of death.

Performance Bonus

No NEO, other than Mr. Moor, is entitled to receive any amounts related to their performance bonus upon death.

Mr. Moor's estate/beneficiary is entitled to payment of the average performance bonus for the immediately preceding 3 years, prorated to the number of days in that fiscal year up to the date of death, plus the cash amount of any deferred bonus.

Options

Under the Option Plan, options may be exercised within a period determined by the Board provided that such period is the earlier of (i) the expiry date of the options, and (ii) 12 months following the date of death.

Restricted Share Units

The estate/beneficiary of a NEO is entitled to a pro rata number of RSUs based on the number of days during the vesting period prior to date of death as compared to the entire term of the vesting period. The balance of RSUs are forfeited.

Other

No other benefits or payments are provided.

Change of Control

In the event of termination resulting from a change of control, the following provisions apply:

Severance

Other than Mr. Wilson, no NEO is entitled to any severance-related compensation upon termination following a change of control.

If a change occurs within the first 2 years of employment which diminishes his role and as a result he resigns, Mr. Wilson is entitled to receive all such entitlements as if he were terminated without cause.

Performance Bonus

Mr. Moor is entitled to the cash amount of any deferred bonus.

Until January 3, 2014, Mr. Wilson would be entitled to a performance bonus for the preceding year calculated by pro-rating the average performance bonus for the period of employment. After January 3, 2014, he would not be entitled to any additional performance bonus. If termination occurs between January 1 of any year and the year-end board meeting held in February, he would be entitled to his full bonus for the preceding year.

Messrs. Edmunds, Tratch and Downie would not receive any performance bonus.

Options

Under the Option Plan, all options vest and become exercisable.

Restricted Share Units

If common shares of the successor corporation *are* listed on a recognized stock exchange: the number of RSUs attributed to a NEO shall be adjusted by the Board, or the successor board, to preserve the economic position of the award of RSUs.

If common shares of the successor corporation *are not* listed on a recognized stock exchange: the fair market value of each RSU shall be deemed to be at the value at which the change of control occurred and the value of the RSUs shall be crystallized at such value. The Board, or the successor board, may resolve to accelerate the vesting date, or it may resolve to retain the original vesting date in respect of up to one-half of the crystallized value. Additionally, if employment is terminated within 12 months following a change of control, the vesting period shall be accelerated and settlement payment shall be made as soon as practical thereafter.

Other

Mr. Moor is entitled to continued coverage under Equitable Trust's benefits program for the Severance Period.

For Mr. Wilson, if change of control occurs:

- i) before January 3, 2014, he would be entitled to outplacement services for a period determined by the Company;
- ii) within the first 5 years of employment, he would receive continued coverage under Equitable Trust's benefits program for the earlier of 12 months or re-employment; or
- iii) after 5 years of employment, he would receive continued coverage under Equitable Trust's benefits program for 13 months plus one additional month for each of employment to a maximum of 24 months.

Messrs. Edmunds, Tratch or Downie are not entitled to any other amounts upon a change of control.

Resignation or Retirement

In the event of resignation or retirement the following provisions apply:

Severance

Upon 60 days prior written notice, Mr. Moor is entitled to salary continuance to the end of the 60 day period.

Upon 30 days prior written notice, Messrs. Edmunds and Wilson are entitled to salary continuance to the end of the 30 day period.

Messrs. Tratch and Downie are not entitled to any severance-related payments.

Performance Bonus

Mr. Moor is entitled to the cash amount of any deferred bonus. No other NEO is entitled to any performance bonus.

Options

For all NEOs, vested options will cease to be exercisable within a period of 30 days after the date of resignation or retirement date, after which all outstanding options are forfeited.

Restricted Share Units

All RSUs are forfeited and cancelled upon resignation.

Upon retirement, NEOs are entitled to a pro rata number of RSUs based on the number of days during the vesting period prior to retirement as compared to the entire term of the vesting period. The balance of RSUs are forfeited.

Other

Upon 60 days prior written notice, Mr. Moor is entitled to continued benefits coverage until the end of the 60 day period.

Upon 30 days prior written notice, Messrs. Edmunds and Wilson are entitled to continued benefits coverage until the end of the 30 day period.

Messrs. Tratch and Downie are not entitled to any other payments upon voluntary termination.

Termination and Change of Control Benefits

The following table shows the estimated incremental payments that would be paid to each NEO following the termination of their employment or upon a change of control, assuming the triggering event took place on December 31, 2012:

Event	Andrew Moor (\$)	William Edmunds (\$)	Tim Wilson (\$)	David Downie (\$)	Ron Tratch (\$)
Termination with Cause					
• Severance	-	-	-	-	-
• Bonus	219,567 ⁽¹⁾	-	-	-	-
• Options ⁽²⁾	1,295,104	331,240	-	138,779	12,450
• RSU	-	-	-	-	-
• Other ⁽³⁾	11,538	1,024	5,150	5,067	2,570
Termination without Cause					
• Severance	1,109,514	446,908	260,000	36,129	72,100
• Bonus	658,734 ⁽¹⁾	-	-	-	-
• Options ⁽²⁾	1,382,904	473,800	-	138,770	12,450
• RSU	-	15,739	5,150	6,306	5,034
• Other ⁽³⁾	11,538	1,024	-	5,067	2,570
Change of Control					
• Severance	-	-	260,000	-	-
• Bonus	219,567 ⁽¹⁾	-	-	-	-
• Options ^{(2) (4)}	1,738,814	513,364	154,100	210,175	56,144
• RSU	-	-	-	-	-
• Other ⁽³⁾	11,538	1,024	5,150	5,067	2,570
Death					
• Severance	-	-	-	-	-
• Bonus	-	-	-	-	-
• Options ⁽²⁾	658,734 ⁽¹⁾	-	-	-	-
• RSU	1,295,104	331,240	-	138,770	12,450
• Other ⁽³⁾	-	15,739	5,150	6,306	5,034
	11,538	1,024	-	5,067	2,570
Resignation/Retirement					
• Severance	96,164	21,249	21,370	-	-
• Bonus	19,567 ⁽¹⁾	-	-	-	-
• Options ⁽²⁾	1,295,104	331,240	-	138,770	12,450
• RSU	-	-	-	-	-
• Other ⁽³⁾	11,538	1,024	5,150	5,067	2,570

⁽¹⁾ Includes the remaining deferred portion of 2011 performance bonus calculated in accordance with Andrew Moor's Employment Agreement.

⁽²⁾ The value of the option is the difference between the closing price of the common shares on December 31, 2012 on the TSX (\$32.65) and the exercise price of the option.

⁽³⁾ Includes accrued and outstanding vacation pay to the date of termination/change of ownership or control. It does not include payments required under ETC's benefits program as such amounts are not determinable.

⁽⁴⁾ All unvested options vest and become immediately exercisable upon a change of control. The value of the options is the difference between the closing price of the common shares on December 31, 2012 on the TSX (\$32.65) and the exercise price of the options.

Amended and Restated Employment Agreement for Andrew Moor

In April 2013 the Board further amended and restated the employment agreement for Andrew Moor. The key changes are summarized below:⁽¹⁾

Base Salary	\$600,000
Clawback Provision	If the Company's financial results are restated due in whole or in part to the intentional fraud or willful misconduct by Mr. Moor or by the CFO or the CRO, the Board will have the discretion to recoup all or a portion of incentive awards that have been paid or vested and cancel unvested long term incentive compensation awarded to Mr. Moor in the past 12 months in excess of the amount that would have been received under the restated financial statements.
Severance Upon Termination of Employment Without Cause	In the event Mr. Moor's employment is terminated without cause he is entitled to: <ul style="list-style-type: none"> • be free to work as a non-executive Director and/or to work in a consulting capacity to a total maximum gross revenue of \$200,000 per annum without triggering any re-employment provision; and • a performance bonus, prorated, for the period up to and including the date of termination.
Resignation	In the event Mr. Moor resigns as a result of a material reduction in his status, powers or responsibilities, a reduction in his compensation, perquisites and benefits without his consent, or a failure to pay his base salary or performance bonus in accordance with his performance agreement ("Resignation with Good Reason"), Mr. Moor will be entitled to receive all such benefits and entitlements as if his employment was terminated without cause.
Termination Upon Change of Control	In the event of a change of control and Mr. Moor's employment is terminated with or without cause, or by way of Resignation with Good Reason, Mr. Moor is entitled to: <ul style="list-style-type: none"> • all accrued base salary, vacation and business expenses; • a lump sum payment representing the base salary in lieu of the Severance Months⁽²⁾ plus a payment in respect of the average performance bonus paid in the 3 years immediately preceding the date upon which notice of termination is provided, prorated to the Severance Months; • continue receiving group insured benefits until the earlier of re-employment or the end of the Severance Months; • the acceleration of vesting of those issued but unvested options which will vest within the following twelve months after the date of termination, to be exercised within 30 days of the Date of Termination; and • If the termination occurs prior to the payment of the prior year's performance bonus, Mr. Moor is entitled to payment in respect of the full prior year performance bonus in addition to a performance bonus in accordance with the short-term incentive plan, prorated, for the period up to and including the date of termination.

⁽¹⁾ Unless specified in this table, all other material provisions of Mr. Moor's employment agreement remain unchanged.

⁽²⁾ "Severance Months" means 13 months plus one additional month on each anniversary of employment to a maximum of 24 months.

ADDITIONAL DISCLOSURE ON COMPENSATION

The following additional disclosure is designed to conform to the Basel Committee on Banking Supervision's ("BCBS") Pillar 3 disclosure requirements for remuneration. This disclosure covers only Senior Management and those employees who are designated as 'Other Material Risk Takers'.

For the purposes of this disclosure, the Company has identified Senior Management to include the CEO, CFO, CRO and the Vice-President, General Counsel, Chief Compliance Officer and Corporate Secretary (who left the Company in October 2012). Other Material Risk Takers consist of the Officers and Business Unit Heads of Equitable Trust. For the year-ended December 31 2012, the Company had designated 4 individuals as Senior Management and 12 individuals as Other Material Risk Takers.

Outlined below is the aggregate value of compensation that was awarded to Senior Management and Other Material Risk Takers in 2012.

Total Value of Compensation Awarded - Senior Management

	2012	
	Non-Deferred (\$)	Deferred ⁽¹⁾ (\$)
Fixed Compensation		
Cash-based	1,290,783	-
Shares and Share-linked Instruments	-	-
Other	14,289	-
Variable Compensation		
Cash-based	1,284,402	-
Shares and Share-linked Instruments	3,750	737,144
Other	42,403	-

⁽¹⁾ Deferred Compensation includes options and RSUs granted in 2012.

Total Value of Compensation Awarded - Other Material Risk Takers

	2012	
	Non-Deferred (\$)	Deferred (\$)
Fixed Compensation		
Cash-based	2,094,444	-
Shares and Share-linked Instruments	-	-
Other	47,754	-
Variable Compensation		
Cash-based	735,000	-
Shares and Share-linked Instruments	9,945	409,778
Other	129,299	-

Other Compensation paid in 2012

	Senior Management		Other Material Risk Takers	
	Number	Amount (\$)	Number	Amount (\$)
Sign-on Awards	-	-	-	-
Guaranteed Awards	-	-	-	-
Severance	2	407,500	1	177,298

Deferred Compensation

Deferred compensation is comprised of options and RSUs. The following table includes deferred compensation that was outstanding as at December 31, 2012, which has not expired, or been forfeited or cancelled, as well as previously deferred compensation which was paid out during 2012. There were no clawbacks or other similar reversals or downward re-evaluations of outstanding awards in 2012.

	Senior Management	Other Material Risk Takers
	Amount (\$)	Amount (\$)
Outstanding Deferred Compensation		
Vested ⁽¹⁾	1,256,804	1,198,328
Unvested ⁽²⁾	896,415	898,486
Total Deferred Compensation Outstanding	2,153,219	2,096,814
Deferred Compensation Payouts during the year ⁽³⁾	312,393	656,473

⁽¹⁾ Outstanding vested compensation is comprised of options that were exercisable on December 31, 2012, but that had not yet been exercised. Each outstanding option is valued at the closing price of a common share on the TSX on December 31, 2012 less the option's exercise price.

⁽²⁾ Outstanding unvested compensation is comprised of outstanding options that were not exercisable on or before December 31, 2012 in addition to RSUs that had not vested by December 31, 2012. Outstanding options are valued at the closing price of a common share on the TSX on December 31, 2012 less the exercise price. Outstanding unvested RSUs are valued at the closing price of a common share on the TSX on December 31, 2012 in addition to any dividend entitlement earned on such unvested RSUs between the date that they were granted and December 31, 2012.

⁽³⁾ Payouts during the year include the value of exercised options during the year, in addition to any RSUs paid out in 2012. Stock option payouts are valued at the closing price of a common share on the TSX on the exercise date less the exercise price. The value of RSU payouts is calculated based on the average of the weighted average trading price of the common shares on the TSX for each of the five business days preceding the vesting date, plus the vesting date of the RSU in addition to any dividend entitlement that was earned on such RSU between the grant date and the vesting date.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

The Company and the Board recognize that sound corporate governance practices contribute to the effective management of the Company, the achievement of strategic and operational plans and objectives, and to the protection of its employees and shareholders. Our approach to corporate governance has been and continues to be in compliance with applicable Canadian securities legislation. The Corporate Governance Committee regularly reviews our corporate governance practices with a view to continually improving them and comparing them with evolving practices, changing circumstances and our needs.

Board of Directors

Independence

The independence of the Company's directors is determined annually by the Board on the recommendation of the Corporate Governance Committee. The Board uses the definition of independence as set out in National Instrument 52-110 – *Audit Committees* and National Policy 58-201 – *Corporate Governance Guidelines*. This definition is also used to assess the independence of any new director appointed or nominated to the Board. All directors annually complete a detailed questionnaire about their individual circumstances. The Corporate Governance Committee reviews all information provided to determine if a director has a material relationship with the Company which could reasonably be expected to interfere with the exercise of independent judgment and makes a recommendation to the Board based on this assessment. The Board has affirmatively determined that 10 of the 11 nominees standing for election to the Board on May 15, 2013 have no material relationship with the Company and are, in their opinion, independent. Mr. Moor is not independent as he is the Company's CEO.

Independent Advisors

Pursuant to their mandates, the Board and each of its Committees may engage their own independent advisor.

***In Camera* Board meetings**

The independent directors meet *in camera* before or at the end of each Board and committee meeting, except in the rare situation where the Board or committee agrees that it is not required. In 2012 the independent directors met *in camera* at six of the Board's eight meetings held. With the exception of Equitable Trust's Investment Committee, Board committees are composed entirely of independent directors. The Audit Committee meets *in camera* at each meeting and also holds *in camera* sessions with each of the External Auditor, the Director of Internal Audit, the Chief Financial Officer, Chief Compliance Officer and the Chief Anti-Money Laundering Officer. Similarly, the Risk and Capital Committee meets *in camera* with the Chief Risk Officer. Each year, members of the Board attend an off-site all-day strategy session with management to discuss and approve the Company's strategic plan and a mid-year strategy session to discuss the Company's strategic opportunities and the strategic planning process.

Independent Chair

The Chairman of the Board is a non-executive director and has been affirmatively determined by the Board to be independent.

The Board annually reviews and approves the mandate for the non-executive Chairman of the Board whose responsibilities include leading the Board in its supervision of the business and affairs of the Company and in its oversight of management, enhancing Board effectiveness and promoting a culture of integrity and compliance throughout the Company, approving the agendas for all Board meetings, presiding at all Board meetings and sessions of the independent directors, participating in director recruitment, orientation, continuing education and regular evaluations of the Board, and ensuring the provision of timely and accurate information to directors.

Board Mandate

The mandate of the Board sets out the Board's role, duties and responsibilities. Such duties include approving the Company's strategic plan, corporate financial objectives and operating budgets, overseeing risk management, ensuring a culture of integrity and compliance is promoted throughout the Company, and approving the CEO's targets and compensation as well as the compensation of the executive officers. The mandate is annually reviewed by the Corporate Governance Committee and approved by the Board. A copy of the Board mandate is attached to this Circular as Schedule "A". The mandate is also available on our website at www.equitabletrust.com under Corporate Governance.

Risk Management

The Risk and Capital Committee of the Board assists the Board in fulfilling its oversight and governance responsibilities for the management of the Company's key and emerging risks and the adequacy of its capital plan.

The Audit Committee receives regular reports from the Internal Audit Department on the design and operating effectiveness of the Company's internal controls and any material weaknesses, and from the Chief Compliance Officer on regulatory compliance issues. In 2012 the Board approved the Company's internal control framework which encompasses the operational risk management, financial reporting, and legislative compliance management frameworks.

For further information on the Company's risk management processes see the Risk Management Framework section on starting on page 44 of the Company's 2012 Annual Report.

Strategic Planning

The Board oversees the Company's strategic planning process. Annually the Board holds a strategic session at mid-year to discuss the approach to developing the strategic plan, and holds an off-site meeting with executive management in December to review and approve the strategic and capital plans, taking into account the Company's risk appetite, the competitive environment, current and emerging risks, and corporate opportunities. The Board also approves the capital budget and annual corporate objectives. The Board oversees the implementation of the strategic plan and regularly monitors performance against the plan.

Communication and Shareholder Engagement

The Company has a Disclosure Control Policy which is reviewed biennially by the Audit Committee for approval by the Board. The Policy covers the timely distribution of material non-public information and addresses proper disclosure and wide distribution of material information. The Policy applies to all directors, officers and employees. The Disclosure Control Committee consists of the CEO, CRO, General Counsel, and the CFO who chairs the Committee. The Committee reviews all annual and quarterly filings and oversees the timely public release of material information about the Company. Two Committee members determine what information is material and therefore publicly disclosed.

We communicate with shareholders and other stakeholders through the annual report, management information circular, quarterly reports, annual information form, news releases, our website and our quarterly earnings conference calls with analysts which features a live webcast and question and answer session. Webcasts remain available on our website for three months. The CEO and CFO meet regularly with financial analysts and the investment community.

To communicate with our Board, shareholders can use the contact details provided on page 53, *Communicating with the Board*.

Position Descriptions

The Board has developed a mandate for the non-executive Chairman of the Board which addresses governance, leadership, board and shareholder meetings, board and management relationships, and director recruitment and evaluation. The Board has also established a mandate for the CEO which addresses leadership, ethics and integrity, governance, disclosure, strategic planning, risk management, human resources management, succession planning and effective communication with shareholders, the investment community and regulators. These mandates as well as position descriptions for each Committee Chair and individual directors are reviewed on an annual basis by the Corporate Governance Committee and approved by the Board.

Nomination of Directors

The Corporate Governance Committee is responsible for identifying and considering prospective candidates to be appointed to the Board. The Committee maintains a matrix setting out the desired skills and competencies the Board should possess in order to fulfill its many responsibilities such as risk management, board experience, industry knowledge and senior executive experience. The Committee identifies any gaps in the Board's composition and may seek candidates to fill such gaps. The matrix is reviewed annually and updated as appropriate based on director evaluations and skills self-assessments to ensure the Board has the appropriate mix of skills and expertise/experience in order to meet its current and long-term needs, and for succession planning purposes.

The Committee invites suggestions for potential candidates from other directors and senior officers. The Committee may also retain an external search firm to assist in the identification of candidates meeting the requisite criteria. In making recommendations to the

Board, the Committee considers (i) the competencies and skills considered necessary for the Board, as a whole, to possess, (ii) the competencies and skills of each existing director, and (iii) the appropriate size of the Board to ensure it meets the demands of Board and Committee work. Potential candidates are first interviewed by the Chairman of the Board and the President and CEO to assess suitability and discuss his or her interest and ability to devote the time required to serve on the Board. The preferred candidates are evaluated by the Committee who considers each candidate's skills, experience, competencies, integrity, independence, any conflicts of interest, results of background checks and behavioural qualities. The Committee will then make a recommendation to the Board on the candidates for nomination to the Board of Directors.

In 2012 the Committee retained the services of an executive search firm who specializes in director searches, in its search for two directors to fill the pending vacancies created by Lionel Robins and Michael Shulman who are retiring from the Board at the May 2013 annual meeting of shareholders.

Director Orientation and Continuing Education

Orientation

The Corporate Governance Committee oversees the orientation of new directors to ensure they fully understand the role of the Board, its committees and their responsibilities as directors. New directors meet with the Chairman of the Board to discuss Board processes and dynamics and the governance framework, and with the CEO and other members of the senior management team to discuss Company strategy, performance, organization structure, the regulatory framework and other issues facing the Company. New directors are also provided with governance materials consisting of Board and Committee mandates, compliance requirements for directors, corporate policies, minutes from recent Board and committee meetings, the Code of Business Conduct, and other relevant corporate and business information concerning the Company. All directors have a standing invitation to attend committee meetings and new directors are encouraged to attend meetings of each Board Committee.

The Board ensures that prospective candidates fully understand the role of the Board and its committees and the contribution that individual directors are expected to make.

Continuing Education

The Corporate Governance Committee is responsible for the ongoing development and education of the directors. To facilitate ongoing education the Board is canvassed through the annual Board Effectiveness Survey to determine their education needs and interests. Directors interact with executive and senior management at every board and committee meeting. Management provides regular presentations to the Board and its committees to keep them informed of changes within the Company and in regulatory and industry requirements and standards. Educational reading materials on corporate governance, executive compensation, legal and regulatory updates, industry developments and other topics are also included in the material provided to the Board. The CEO provides quarterly updates to the Board on strategy and other matters affecting the Company. Committee meeting minutes are also given to all directors who are not on the committee.

See *Continuing Education* on page 14 for the list of education sessions provided to our directors in 2012.

Ethical Business Conduct

The Board and the CEO are responsible for promoting a culture of integrity and ethical behaviour.

The Company has in place a number of policies and procedures, including the Code of Business Conduct which encourage and promote a culture of integrity and ethical behaviour at the Company. The Code applies to all directors, officers and employees of the Company and addresses several matters, including conflicts of interest, confidentiality of corporate information, protection and use of corporate assets, compliance with laws and reporting of any illegal or unethical behaviour. The Code is regularly reviewed by the Board to ensure it meets current industry trends and standards and clearly communicates the Company values. A copy of the Code is accessible on SEDAR at www.sedar.com and on our website at www.equitabletrust.com. A copy of the Code may also be obtained by contacting the Corporate Secretary at the address set out on page 53 of this Circular.

The Code is provided to all employees at the time of hire, and to all directors upon joining the Board. Each year all directors and employees are required to acknowledge that they have read, understand and complied with the Code. The Company conducts an annual certification process to monitor compliance with the Code and the Chief Compliance Officer reports the results of such process to the Corporate Governance Committee annually. Any waivers to the Code must be granted by the Board. To date, no waivers of the Code have been requested.

Employees are encouraged to raise any concerns or report any suspected violations with respect to the Code to senior management. The Company has a compliance and ethics (whistleblower) hotline that allows directors and employees to report any inappropriate business conduct or workplace issue on a confidential and anonymous basis. All concerns raised are investigated and reported to the Audit Committee by the Chief Compliance Officer.

Conflicts of Interest

Under the Code and in accordance with the Conflict of Interest Policy, all directors are expected to avoid situations where personal interests conflict or could reasonably appear to conflict with their fiduciary duties to the Company. The Code further provides that each director must disclose to the Company the nature and extent of any actual or potential conflict of interest. In addition, any director who is party to an actual or potential material contract or transaction with the Company, or has a material interest in any person who is a party to an actual or potential material contract or transaction with the Company, is not permitted to attend any part of a meeting of the directors during which the contract or transaction is discussed or to vote on any decision. Through the annual director's questionnaires, directors are asked questions with a view to determine the existence of any material interests with the Company and to identify other business relationships and other companies or entities with which they have relationships. These responses assist the Board and senior management in identifying conflict of interest situations in advance.

Compensation

The Corporate Governance Committee, which is composed of four independent directors, is charged with the responsibility for (i) reviewing and benchmarking director compensation to ensure it is competitive and adequately reflects the responsibilities and risks involved in being an effective director and (ii) making recommendations to the Board regarding the adequacy and form of compensation for its independent directors. The Committee has the authority to retain any compensation consultant to assist in determining Board compensation. More detailed disclosure of director compensation can be found starting on page 16.

The HRC Committee has the responsibility for overseeing executive compensation, including that of the CEO, with a view to effectively align the Compensation program with the Company's Compensation philosophy and objectives.

Specific disclosure of executive compensation starts on page 20 of this Circular.

Board Committees

The Board has established an Audit Committee, a Risk and Capital Committee, a HRC Committee and a Corporate Governance Committee, all of which are composed entirely of independent directors. Equitable Trust's Board has established the same four Committees and also has an Investment Committee.

Audit Committee

The Audit Committee is composed of three independent directors, each of whom is financially literate as defined under National Instrument 52-110 *Audit Committees*. The members are Eric Kirzner (Chair), Joseph Dickstein and David LeGresley. The Committee meets regularly with the external auditors, the Director of Internal Audit, the Chief Financial Officer, the Chief Compliance Officer and the Chief Anti-Money Laundering Officer without management present.

The Committee is responsible for; (i) overseeing the quality and integrity of the annual and quarterly financial statements and MD&A; (ii) overseeing the control functions; namely the internal audit, compliance and finance functions; (iii) the qualifications and independence of the external auditors; (iv) compliance with legal and regulatory requirements; and (vi) the effectiveness of the Company's internal controls.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate in 2012 and has provided this report on its activities:

- In accordance with the Committee's mandate and the Disclosure Control Policy, **reviewed** the interim and annual consolidated financial statements, MD&A, press releases and annual information form before they were approved by the Board;
- **Received** written confirmation of the independence and qualifications of KPMG and recommended to the Board their appointment as the Company's external auditor;
- **Reviewed** the external audit plan and the results of the annual audit;
- **Pre-approved** all audit and permitted non-audit services performed by KPMG, including terms and fees;
- **Oversaw** the effectiveness, independence and resources of the internal audit, finance and compliance functions;
- **Reviewed and approved** the mandates for internal audit, the chief compliance officer, chief financial officer and chief anti-money laundering officer;
- **Reviewed** internal audit's assessment of internal controls and the Compliance function;
- **Received** regular updates on the Company's compliance and anti-money laundering/anti-terrorist financing programs and compliance with applicable laws and regulations;
- **Reviewed** quarterly reports of all internal audit activities, including the assessments of the effectiveness of internal controls and status of corrective actions;
- **Received** management's report assessing the effectiveness of the Company's disclosure controls and internal control over financial reporting;
- **Received** quarterly reports on litigation against the Company.

Risk and Capital Committee

The Risk and Capital Committee is composed of four independent directors. The members are Austin Beutel (Chair), Eric Beutel (Investment Committee Chair), Eric Kirzner (Audit Committee Chair), and Katherine Rethy (Human Resources and Compensation Committee Chair). The Committee is responsible for; (i) reviewing the Company's Core Risks and assessing whether the core risks of the Company have been identified; (ii) reviewing the Company's Risk Appetite and risk tolerance limits established in the context of its risk appetite; (iii) reviewing the Company's actual risk profile against the approved risk appetite and assessing the Company's policies, programs, procedures and controls in place to manage its Core Risks; (iv) reviewing the Company's Internal Capital Adequacy Assessment Process ("ICAAP"); (v) identifying and monitoring future trends and emerging risks; and (vi) taking an enterprise-wide view of risks faced by the Company.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate in 2012 and has provided this report on its activities:

- **Received** a presentation on the Company's risk appetite and risk tolerance;
- **Received** quarterly reports from the Chief Risk Officer on his enterprise-wide view of the Company's core risks ;
- Reviewed the quarterly risk dashboards as submitted by the Enterprise Risk Management Committee;
- **Oversaw** the development of an emerging risk management framework which provides for the Committee to be informed of the inventory of emerging risks that may impact the Company;
- **Reviewed** the Company's Internal Capital Adequacy Assessment Process and received regular updates on Basel II capital requirements and Basel III capital and liquidity regulatory reform;
- **Reviewed and approved** changes to the Company's policies for Enterprise Risk Management, Stress Testing, Capital Management;
- **Reviewed** results of the Company's enterprise-wide stress testing program;
- **Reviewed and approved** changes to the mandate for the Committee and the Enterprise Risk Management Committee; and
- **Review and approved changes to the mandate for the Chief Risk Officer** and assessed his effectiveness.

Investment Committee

Equitable Trust's Investment Committee is composed of four directors, three of whom are independent. The members are Eric Beutel (Chair), Andrew Moor, Morris Shohet and Michael Shulman.

The Committee is responsible for: (i) reviewing the mortgage portfolio and establishing lending limits; (ii) monitoring the Company's credit, interest rate, and liquidity and funding risks, as well as market risks; (iii) reviewing policies for managing these risks and reports demonstrating compliance with the risk management policies; (iv) reviewing the securities portfolio and monitoring the Company's investment practices; and (vi) reviewing the collective allowance.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate in 2012 and has provided this report on its activities:

- **Received** regular updates on the details of the characteristics, concentration of the mortgage portfolio and closely monitored all changes, in particular all significant exposures to credit risk, problem loans, impaired loans, the status of loan losses and the adequacy of collective and specific allowances for credit losses;
- **Reviewed** the Company's policy and procedures setting out the methodology for assessing and valuing potential future credit losses;
- **Monitored** the Company's residential condominium exposure in the Toronto and Vancouver markets;
- **Approved** certain loans which exceeded management approval limits set out in the credit policies;
- **Reviewed** the Company's residential mortgage underwriting policy under OSFI Guideline B-20 and Internal Audit's review of the design and effectiveness of Management's self-assessment against the Guideline;
- **Assessed** the Company's credit, liquidity and funding and interest rate risk profiles and approved the liquidity contingency plan;
- **Reviewed** and made changes as necessary to the Company's policies for managing credit risk, liquidity risk, interest rate risk, derivatives and pledging;
- **Reviewed** internal audit reports concerning the Company's internal controls, risk management and governance processes for credit, liquidity and interest rate risks;
- **Monitored** the Company's securities portfolio and developments in market conditions;
- **Reviewed** its mandate, made recommendations for its amendment to the Board and assessed its performance against its mandate; and
- **Reviewed and approved** the mandate for the Asset Liability Committee.

Human Resources and Compensation Committee

The HRC Committee is composed of three independent directors. The members are Katherine Rethy (Chair), Lynn McDonald and Lionel Robins. The Committee is responsible for: (i) reviewing the CEO's corporate goals and objectives, evaluating his performance in light of those corporate goals and objectives and recommending his compensation based on this evaluation; (ii) reviewing the performance of the Company's officers and CEO direct reports and approving their compensation; (iii) overseeing the compensation and human resources principles and related program and policies; (iv) recommending the appointment of officers; (v) reviewing executive employment agreements and (vi) reviewing succession planning for senior management. The Committee also has the power to retain consultants or advisors as it may deem necessary or advisable to carry out its responsibilities.

In addition to the highlights of the Committee's work in 2012 set out in the *Compensation Discussion and Analysis* section starting on page 20, the Committee did the following:

- reviewed the share ownership requirement for the CEO;
- reviewed the senior management succession plan, including emergency succession;
- monitored compensation and governance trends and legislative and disclosure requirements; and
- reviewed its mandate.

Corporate Governance Committee

The Corporate Governance Committee is composed of four independent directors. The members are Joseph Dickstein (Chair), Lionel Robins, Morris Shohet, and Michael Shulman. The Committee is responsible for; (i) developing and recommending the Company's approach to governance issues, (ii) reviewing the desired competencies and skills to assure appropriate Board and Committee composition and identifying candidates for nomination to the Board, (iii) overseeing the director orientation and continuing education programs, and review and recommending changes to director compensation; (iv) reviewing policies designed to promote a culture of integrity and ethical conduct; and (v) evaluating overall Board effectiveness.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate in 2012 and has provided this report on its activities:

- **Reviewed** the criteria for selecting new directors, and the competencies and skills of the Board;
- **Reviewed** the directors' orientation and continuing education programs, and accommodated specific requests for director education topics;
- **Reviewed** the overall results of the Board's annual self-assessment;
- **Assessed** direct and indirect material relationships between each director nominee and the Company and recommended to the Board that 10 of the 11 nominees to be re-elected at the 2012 AGM are independent;
- **Reviewed** the composition of the Board committees and recommended no changes to the committee's current structure for 2012;
- **Received** a report on compliance with the Code of Business Conduct by all Company employees and directors;
- **Reviewed** the adequacy and form of director compensation and recommended an adjustment to the director's annual cash retainer, the Committee chair retainer and to the award value of deferred share units to be granted to each director upon their election to the Board at the annual meeting of shareholders. These adjustments were approved by the Board in February 2012. The Committee also assessed and recommended an increase in the director share ownership requirement from 2x to 3x the annual cash retainer;
- **Undertook** a review of the Company's corporate governance documents (including certain governance policies, the mandates of both the Board and this Committee, and position descriptions) and recommended amendments to the Board for approval. The Board approved these amendments in May and November 2012;
- **Reviewed** reports on the Company's related party transactions, and on compliance with the Company's policies and procedures for resolving conflicts of interest, restricting the use of confidential information, dealing with customer complaints and disclosure of information to customers, including compliance with the requirements of the Financial Consumer Agency of Canada. In connection with this responsibility the Committee received assurances that the Company has processes in place to ensure adherence to the Code of Business Conduct;
- **Reviewed** the Company's Corporate Social Responsibility (CSR) Framework and approved the 2012 CSR budget; and
- **Reviewed** its mandate, made recommendations for its amendment to the Board and assessed its performance against its mandate.

The Committee mandates are available on the Company's website at www.equitabletrust.com.

Board Performance Assessments

The Corporate Governance Committee is responsible for overseeing the process for evaluating the effectiveness and performance of the Board as a whole, the Committees and the Board Chair. The process consists of a feedback survey and one-on-one interviews with the Board Chair. The survey includes questions seeking the directors' views on the effectiveness and performance of the Board, the Board significant achievements made during the year, areas in which the directors would like to receive training to enhance their knowledge and/or effectiveness, and what they consider to be their objectives for the next year. Each director's specific views on their evaluation of the Board's role in strategic planning, director compensation and CEO evaluation is also sought. A summary of the responses is prepared by the Chairman of the Board and submitted to both the Committee and the Board, including a tabulation of the scores, and qualitative commentary. In addition, the Board Chair meets periodically with each director to discuss their views about the effectiveness of the Board and its committees, management, their personal contribution and the overall workings of the Board. Directors are free to raise any concerns they may have to the Board Chair at any time.

The Board reviews the summary report and considers necessary changes to Board and committee processes. Feedback is provided to Management as appropriate to ensure the right programs are in place for continuously improving the Board's functioning and effectiveness.

OTHER INFORMATION

Indebtedness of Directors and Executive Officers

As at the date of this Circular, there was no outstanding indebtedness to the Company or Equitable Trust incurred by any directors, director nominees or executive officers in connection with the purchase of securities of the Company or any other indebtedness. There was no outstanding indebtedness incurred by any of such individuals to another entity that was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or Equitable Trust.

Directors' and Officers' Insurance

The Company has purchased director and officer liability insurance. The limit of such insurance, which expires on May 31, 2013, is \$25 million. The deductible is \$200,000 per event. For the year ending May 31, 2013, the premium for such coverage is \$192,000.

Availability of Documents

Financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2012 which form part of the Annual Report. Copies of these documents and additional information related to the Company may be found at www.sedar.com or obtained upon request from the Corporate Secretary of the Company, 30 St. Clair Avenue West, Suite 700, Toronto, Ontario M4V 3A1 or at investor_enquiry@equitablegroupinc.com.

Communicating with the Board

You may contact the Board or any Board member by directing your correspondence to the following address:

Corporate Secretary's Office
Equitable Group Inc.
30 St. Clair Avenue West, Suite 700
Toronto, Ontario M4V 3A1
Email: corporatesecretary@equitablegroupinc.com

Directors' Approval

The Board has approved the content and mailing of this Circular.



Andrew Moor
President and Chief Executive Officer
April 10, 2013

Schedule "A"

Board of Directors' Mandate

A. Role

The role of the Board of Directors (the "Board") is to supervise the management of the business and affairs of the Company. The Board shall, either directly or through its Committees, be responsible for discharging its responsibilities set out in this Mandate and such other duties as may be necessary or appropriate in order to fulfill its stewardship responsibilities.

B. Accountabilities and Responsibilities

The Board shall directly, or through a Board Committee:

1. Strategic Planning

- 1.1 Oversee the strategic planning process and annually approve a strategic plan taking into account the opportunities and risks of the Company's business, its risk appetite, capital adequacy, emerging trends and the competitive environment.
- 1.2 Oversee the implementation of the strategic plan and monitor its effectiveness.
- 1.3 Approve the Internal Capital Adequacy Assessment Process.
- 1.4 Review and approve annual financial and capital plans, including debt/equity issuances and major business development initiatives and capital management policies. Monitor corporate performance against the financial and capital plans.
- 1.5 Approve any capital expenditure in excess of \$250,000 over the budgeted capital plan.

2. Risk Management

- 2.1 Oversee and approve the Company's risk appetite framework and oversee its implementation.
- 2.2 Ensure processes are in place to identify the principal business risks and review key policies and practices, particularly in the areas of credit, interest rate, liquidity, operational and reputation, and ensure appropriate systems are implemented to manage these risks. Obtain assurances from management that such policies and practices are being adhered to.
- 2.3 Review the processes to ensure compliance with applicable regulatory, corporate, securities and legal requirements.
- 2.4 Approve the delegation of credit approvals and investment authority to senior management.

3. Corporate Governance

- 3.1 Set the "tone from the top" together with the Chief Executive Officer and establish professional standards and corporate values that promote a culture of integrity, risk awareness and compliance throughout the Company.
- 3.2 Approve and monitor compliance with the Company's Code of Business Conduct. Approve any waivers from the Code for the benefit of any director or executive officer.
- 3.3 Review the Company's approach to corporate governance, including its governance principles and guidelines and undertake a regular evaluation of the Board and its Committees.
- 3.4 Establish appropriate criteria, structures, practices and procedures to allow the Board to function independently of management.
- 3.5 Oversee the selection criteria for new directors, the director nomination process, and director orientation and continuing education programs.
- 3.6 Approve the form of compensation of directors and the mandates for the Board, Board Chair, committee chair and a director.

4. Internal Controls

- 4.1 Approve the internal control framework. Oversee and monitor the integrity of the Company's internal controls, including those for financial reporting, and management information systems and satisfy itself that these systems and controls are designed and operating effectively.
- 4.2 Ensure there are appropriate oversight functions independent of management.
- 4.3 Review and approve the financial statements, annual information form, management information circular and other public disclosure documents that require board approval.

5. Committees

- 5.1 Establish such committees of the Board, or merge or dispose of any Board Committee as the Board deems advisable. Approve the structure, membership and mandates of each Board committee.

6. **Succession Planning and Human Resource Management**

- 6.1 Appoint or, if required, remove the Chief Executive Officer.
- 6.2 Approve the corporate goals and objectives of the Chief Executive Officer, monitor progress against those objectives, and approve the compensation of the Chief Executive Officer and other executive officers as required.
- 6.3 Appoint the officers of the Company, ensuring such officers and other responsible persons have the appropriate qualifications and competencies to meet the expectations set by the Board and regulators.
- 6.4 Satisfy itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers create a culture of integrity, risk management and compliance throughout the Company.
- 6.5 Oversee the training and development of the Chief Executive Officer and other executive officers.
- 6.6 Approve the Company's compensation policy. Oversee the compensation program to ensure it aligns with the Company's business strategy and operates as intended.
- 6.7 Review the succession plan for the Chief Executive Officer and the Chairman of the Board and oversee the succession planning process for executive officers.

7. **Communication and Public Disclosure**

- 7.1 Oversee the implementation of measures for receiving feedback from the Company's shareholders.
- 7.2 With the assistance of the Audit Committee, review the Company's Disclosure Control Policy.

8. **Regulators**

- 8.1 Review and discuss with senior management the Company's response to recommendations and suggestions made by the Office of the Superintendent of Financial Institutions pursuant to their supervisory activities.
- 8.2 Monitor the Company's relationship with its regulators.

C. **Membership**

- 1. The composition and organization of the Board, including the number, qualifications, number of meetings, Canadian residency requirements, quorum requirements, meeting procedures and notices of meetings are as established by governing legislation and the by-laws of the Company.
- 2. A majority of the directors shall be independent, as defined under applicable securities laws and stock exchange regulations.

D. **Chairman and Secretary**

- 1. The Board shall appoint from its number a Chairman who shall have responsibility to ensure that the Board discharges its duties and responsibilities. The Chairman of the Board shall be an independent director.
- 2. The Secretary of the Company or designate, shall be the secretary of all meetings of the Board and shall record and maintain minutes of all meetings and deliberations of the Board.

E. **Meetings**

- 1. The Board shall meet no less than four times each year. The independent members of the Board shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.
- 2. Directors may participate in meetings in person or by telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A director participating by such means is deemed to be present at that meeting.
- 3. The Board may invite such persons as it may see fit to attend its meetings and to take part in discussions and considerations of the affairs of the Board.
- 4. Notice of each meeting shall be given to each director by pre-paid mail, by personal delivery or other means of transmitted or recorded communication at least 24 hours before the time fixed for the meeting. Any member of management shall also attend whenever requested to do so by the Chairman of the Board or by the Secretary.
- 5. Matters decided by the Board may be decided by majority vote. Each member of the Board, including the Chairman, shall have one vote. The Chairman shall not have a second or casting vote.

F. **Access to Management and Outside Advisors**

- 1. The Board shall have unrestricted access to management of the Company and if determined necessary by the Board, any employee. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the compensation of these advisors without consulting or obtaining the approval of any officer of the Company.