

**DIRECTCASH PAYMENTS INC.**

**Notice of  
Annual and Special Meeting of Shareholders  
to be held on May 22, 2014**

The annual and special meeting of the shareholders of DirectCash Payments Inc. (the "**Corporation**") will be held in the Macleod E1 Room at the Telus Convention Centre located at 120 – 9 Avenue SE, Calgary, Alberta T2G 0P3, on Thursday, May 22, 2014 at 9:00 a.m. (Calgary time) to:

1. receive and consider the Corporation's financial statements for the year ended December 31, 2013, together with the auditors' report thereon;
2. fix the number of directors of the Corporation to be elected at the meeting at six (6);
3. elect six (6) directors of the Corporation;
4. to consider and if thought appropriate, to pass, with or without variation, a resolution considering whether or not the Corporation should grant shareholders a "say-on-pay" vote, as further disclosed in the accompanying Information Circular - Proxy Statement of the Corporation;
5. appoint the auditors and authorize the directors to fix their remuneration as such; and
6. transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular-proxy statement accompanying this notice.

If you are unable to attend the meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with our Corporate Secretary, c/o Valiant Trust Company, Suite 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1 or by fax at (403) 233-2857. In order to be valid and acted upon at the meeting, forms of proxy must be returned to the aforesaid address not less than 24 hours before the time for holding the meeting or any adjournment thereof.

Only shareholders of record at the close of business on April 3, 2014 will be entitled to vote at the meeting, unless that shareholder has transferred any common shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the common shares and demands that the transferee's name be included on the list of shareholders.

DATED at Calgary, Alberta this 3<sup>rd</sup> day of April, 2014.

By order of the Board of Directors of  
DirectCash Payments Inc.

(signed) "*Jeffrey J. Smith*"  
Jeffrey J. Smith  
President and Chief Executive Officer

## DIRECTCASH PAYMENTS INC.

Information Circular-Proxy Statement  
for the Annual and Special Meeting to be held on May 22, 2014

### PROXIES

#### Solicitation of Proxies

This information circular-proxy statement is furnished in connection with the solicitation of proxies for use at the annual and special meeting of the holders of common shares ("**Common Shares**") of DirectCash Payments Inc. ("**DCPayments**" or the "**Corporation**") to be held on Thursday, May 22, 2014 at 9 00 a.m. (Calgary time) in the Macleod E1 Room at the Telus Convention Centre located at 120 – 9 Avenue SE, Calgary, Alberta T2G 0P3, and at any adjournment thereof. Forms of proxy must be addressed to and reach Valiant Trust Company, Suite 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta, T2P 1T1 or by fax at (403) 233-2857, not less than 24 hours before the time for holding the meeting or any adjournment thereof. Only shareholders of record at the close of business on April 3, 2014 will be entitled to vote at the meeting, unless that shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of shareholders.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are officers of the Corporation. **As a shareholder you have the right to appoint a person, who need not be a shareholder, to represent you at the meeting. To exercise this right you should insert the name of the desired representative in the blank space provided on the form of proxy and strike out the other names.**

#### Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by shareholders whose names appear on the Corporation's records as the registered holders of Common Shares can be recognized and acted upon at the meeting. If Common Shares are listed in an account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on the Corporation's records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Common shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your Common Shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge mails a scannable voting instruction form in lieu of the form of proxy. You are asked to complete and return the voting instruction form to them by mail or facsimile. Alternatively, you can call their toll-free telephone number or visit their internet site to vote your Common Shares. They then tabulate the results of all instructions received and provide appropriate instructions respecting the voting of Common Shares to be represented at the meeting. **If you receive a voting instruction form from Broadridge it cannot be used as a proxy to vote Common Shares directly at the meeting as the proxy must be returned to Broadridge well in advance of the meeting in order to have the Common Shares voted.**

## Notice-And-Access

DCPayments has elected to use the "notice-and-access" provisions (the "**Notice-and-Access Provisions**") under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") for the meeting in respect of the mailing of our meeting materials, annual financial statements and management's discussion and analysis to the beneficial holders of the Corporation's common shares (i.e., a shareholder who holds their shares in the name of a broker or an agent) but not in respect of mailings to registered holders of our common shares (i.e., a shareholder whose name appears on our records as a holder of common shares). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post its meeting materials and information circular and related materials online.

DCPayments has also elected to use procedures known as "stratification" in relation to our use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable a paper copy of financial statements and related management's discussion and analysis ("**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the Meeting, registered holders of Common Shares will receive a paper copy of the Notice of Meeting, this information circular-proxy statement and a form of proxy, whereas all beneficial holders of Common Shares will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form. DCPayments intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial holders of Common Shares. Furthermore, a paper copy of the Financial Information in respect of DCPayments' most recently completed financial year will be mailed to those registered shareholders and beneficial holders of Common Shares who previously requested to receive such information.

## Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you give your proxy to attends personally at the meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either at the Corporation's head office at any time up to and including the last business day before the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

## Persons Making the Solicitation

**This solicitation is made on behalf of the Corporation's management.** Pursuant to NI 54-101, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to the beneficial owners of the Common Shares. The Corporation will bear the costs incurred in the preparation and mailing of the form of proxy, notice of annual and special meeting and this information circular-proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by the Corporation's directors, officers and employees who will not be remunerated therefor.

## Exercise of Discretion by Proxy

The Common Shares represented by proxy in favour of management nominees will be voted on any poll at the meeting. Where you specify a choice with respect to any matter to be acted upon the Common Shares will be voted on any poll in accordance with the specification so made. If you do not provide instructions your Common Shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of annual and special meeting and with respect to any other matters which may properly be brought before the meeting or any adjournment thereof. At the time of printing this information circular proxy statement, we know of no such amendment, variation or other matter.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at April 3, 2014, there were 17,589,279 Common Shares issued and outstanding. As a holder of Common Shares you are entitled to one vote for each Common Share you own.

To the knowledge of the Corporation's directors and officers, as at April 3, 2014 no person or company beneficially owned or controlled or directed, directly or indirectly, more than 10% of the Common Shares which may be cast at the meeting other than as set forth below:

Name	Number of Common Shares	Percentage of Class
Jeffrey J. Smith <sup>(1)</sup>	2,014,965	11.5%
Montrusco Bolton Investments Inc.	1,822,000	10.4%
Franklin Resources, Inc.	1,974,325	11.2%

Note:

- (1) These figures include the actual number of Common Shares held by Mr. Smith. Also included are the number of Common Shares that Mr. Smith is indirectly entitled to through his holding corporation, Atlantis Financial Corp.

As at April 3, 2014, the Corporation's directors and officers, as a group, beneficially owned or controlled or directed, directly or indirectly, approximately 2.3 million Common Shares or approximately 12.9% of the issued and outstanding Common Shares.

### QUORUM FOR MEETING

A quorum for the meeting is two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the Corporation's outstanding Common Shares. If a quorum is not present at the meeting within one-half hour after the time fixed for the holding of the meeting, the meeting will be adjourned to such day being not less than 21 days later and to such place and time as may be determined by the chairman of the meeting. At such meeting, the shareholders present either personally or by proxy shall form a quorum.

### APPROVAL REQUIREMENT

All of the matters to be considered at the meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of shareholders present in person or represented by proxy at the meeting.

### MATTERS TO BE ACTED UPON AT THE MEETING

#### Election of Directors

At the meeting, the shareholders will be asked to fix the number of directors of the Corporation to be elected at the meeting at six (6) and to elect six (6) directors.

Management is soliciting proxies, in the accompanying form of proxy, for an ordinary resolution in favour of fixing the board of directors (the "**Board**") at six (6) members, and in favour of the election as directors, until the next annual and special meeting of shareholders of the Corporation, of the six (6) nominees set forth below:

Jeffrey J. Smith  
 Gary H. Dundas  
 R. Bradley Hurtubise  
 Barry G. Sechos  
 Leroy E. Thiessen  
 Ron Waxman

In the event that a vacancy among such nominees occurs because of death or for any reason prior to the meeting, the proxy shall not be voted with respect to such vacancy.

The form of proxy provided by management of the Corporation accompanying this information circular-proxy statement provides for individual voting on directors rather than slate voting. The voting for or against and approval of one director will be mutually exclusive to the voting for or against and approval of any other director.

It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies FOR the election of each of the persons specified above.

The following table sets forth the names and municipalities of residence of all of the persons nominated for election as directors, the approximate number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them, the dates on which they became directors, and their principal occupations, as of April 3, 2014.

<b>Name and Age</b>	<b>Year Became Director</b>	<b>Principal Occupation<sup>(4)</sup></b>	<b>Number of Common Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised</b>
Jeffrey J. Smith Calgary, Alberta, Canada	President, Chief Executive Officer, & Director Since February 3, 2004	President and C.E.O. of DCPayments and predecessors from 1997 to present.	2,014,965
Gary H. Dundas <sup>(2)(3)</sup> Calgary, Alberta, Canada	Director Since October 28, 2004	Independent businessman. Previously, V.P. Finance, C.F.O. and Director of Avenex Energy Corp. (and predecessors), (a TSX listed oil & gas exploration and production corporation) from January 2003 to March, 2013. Director of Spyglass Resources Corp. (a TSX listed oil & gas exploration corporation) from March, 2013 to September 2013. Director of Athabasca Oil Corporation (a TSX listed oil & gas corporation) from August 23, 2006 to present.	35,510
R. Bradley Hurtubise <sup>(2)</sup> Calgary, Alberta, Canada	Director Since November 7, 2007	C.E.O. & a Director of Eaglewood Energy Inc. (a TSX Venture Exchange listed oil & gas corporation) from November, 2008 to present. Director of Compton Petroleum Corporation (an oil & gas corporation previously listed on the TSX and NYSE) from March 2009 to August, 2011. Director of Ithaca Energy Inc., a TSX and London AIM listed oil & gas corporation) from February 2008 to present.	86,208
Barry G. Sechos Sydney, New South Wales, Australia	Director Since May 23, 2013	Mr. Sechos is a corporate lawyer and currently a director of the Sherman Group, a privately owned investment company located in Australia, as well a director of several Australia and U.K. based companies involved in various industries. Former Director, Corporate and Administration of the Australian operations of Aberdeen Asset Management Limited (a public international funds management group, listed on the London Stock Exchange). Previously held various positions with iCash Payment Systems Limited, an Australia Stock Exchange listed ATM payments corporation.	0

Name and Age	Year Became Director	Principal Occupation <sup>(4)</sup>	Number of Common Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised
Leroy E. Thiessen <sup>(3)</sup> Calgary, Alberta, Canada	Director Since February 16, 2009	Principal Partner at MNP LLP from May 2011 to present. Various positions including most recently, Executive V.P., Global Business Development (and prior thereto Senior Director, Realty Tax Consulting), at Altus Group Limited (a subsidiary of Altus Group Income Fund, a public trust listed on the TSX) from June, 2008 to May, 2011. Advisory Board member of Urban Star Capital Inc. (a private real estate asset management corporation) from November, 2010 to present. Mr. Thiessen was with Deloitte & Touche LLP from 2000 to May, 2008 eventually holding the position of Senior Tax Partner (national leader - realty tax services).	15,503
Ron Waxman Calgary, Alberta, Canada	Nominee	President of LRJ Consulting, a private security and banking consulting firm, since 2009. Prior thereto, Vice President, Strategic Initiatives with Stanley Security Solutions. Previous cofounder of Frisco Bay Industries in Montreal, Quebec that operated Canada's third largest non bank ATM network until its sale to Stanley Security Solutions.	0

Notes:

- (1) The period of time served as a director or officer of the Corporation includes, where applicable, the period of time served as a director of the Corporation's predecessors, including DirectCash Management Inc., former administrator of DirectCash Income Fund (the "**Fund**").
- (2) Member of the Audit Committee.
- (3) Member of the Compensation, Nominating and Corporate Governance Committee.

The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished to us by the nominees.

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

Other than as described below, no proposed director is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) while such person was acting in that capacity, or within a year of such person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Gary H. Dundas, a director of DCPayments, has been a director of Mahalo Energy Ltd. ("**Mahalo**") from April 21, 2004 to present. On June 22, 2010, the Alberta Securities Commission issued a cease trade order against Mahalo for failure to file annual financial statements for the year ended December 31, 2009 and for failure to file interim unaudited financial statements for the period ended March 31, 2010. The securities commissions or similar regulatory authorities in each of the provinces of British Columbia, Manitoba, Ontario and Quebec (together with Alberta, the "**Commissions**") issued similar orders in respect of failure to file financial statements. On November

12, 2010, each of the Commissions issued a full revocation order of the cease trade order and a cease to be reporting issuer order in connection with the conclusion of Mahalo's proceedings under the *Companies Creditors Arrangement Act* (Canada) ("CCAA").

Gary H. Dundas, a director of DCPayments, has been a director of Mahalo from April 21, 2004 to present. On May 22, 2009, Mahalo was granted protection from its creditors under the CCAA pursuant to an initial order granted by the Court of Queen's Bench of Alberta. Mahalo concluded a Court approved plan of arrangement to exit CCAA protection on November 12, 2010 that resulted in the cancellation of the existing share capital of Mahalo and the settlement of existing creditor obligations. Mr. Dundas was also a director of Mahalo's wholly owned subsidiary, Mahalo Energy (USA) Inc. ("**Mahalo USA**"). On May 21, 2009, Mahalo USA filed for and received chapter 11 creditor protection in the United States. On April 20, 2010, the US chapter 11 proceedings concluded with the transfer of Mahalo USA to Mahalo's creditors.

No proposed director (or any personal holding company of such person), has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

### ***Personal Bankruptcies***

No proposed director (or any personal holding company of such person), has, within the 10 years preceding the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Advisory Vote to Approve Named Executive Officer Compensation**

The Corporation has been asked to put forward an advisory vote, commonly referred to as a "say-on-pay" vote, to its shareholders. The Corporation is therefore asking that shareholders vote on whether or not the Corporation should provide shareholders a vote, on an advisory basis, to approve the compensation of our Named Executive Officers (as defined herein) as disclosed in our annual Information Circulars. Certain competitors of the Corporation located in the United States are required to put forth for approval the compensation of Named Executive Officers in accordance with the compensation disclosure rules of the Securities Exchange Commission. The Corporation has been asked to seek the views of shareholders whether or not they would like a say-on-pay vote. If approved, the Corporation would include a say-on-pay vote to approve executive compensation every two years.

The Compensation, Nominating and Corporate Governance Committee has structured the Corporation's executive compensation program to achieve the key objectives described in the "*Statement of Executive Compensation – Compensation Discussion and Analysis*" section of this Information Circular.

The Corporation urges shareholders to read the "*Statement of Executive Compensation – Compensation Discussion and Analysis*" section of this Information Circular, which describes in more detail how the Corporation's executive compensation policies and procedures operate and are designed to achieve the Corporation's compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative discussions, which provide detailed information of the compensation of our Named Executive Officers. The Compensation, Nominating and Corporate Governance Committee and the Board believe that the policies and procedures articulated in the "*Statement of Executive Compensation – Compensation Discussion and Analysis*" are effective in achieving the Corporation's goals and that the compensation of the Corporation's Named Executive Officers reported in this Information Circular has contributed to the Corporation's long-term success.

Shareholders are not being asked at this time to approve the say-on-pay vote, but rather being asked whether or not they would like to have a say-on-pay vote in the future. A say-on-pay vote would not be binding on the Board or the Compensation, Nominating and Corporate Governance Committee, would not overrule any decisions made by the Board or the Compensation, Nominating and Corporate Governance Committee, or require the Board or the

Compensation Committee to take any action. Although the vote would be non-binding, the Compensation, Nominating and Corporate Governance Committee would take into account the outcome of the vote when considering future executive compensation decisions. In particular, to the extent there is any significant vote against the Named Executive Officers' compensation as disclosed in this Information Circular, the Corporation will consider shareholders' concerns and the Compensation, Nominating and Corporate Governance Committee will evaluate whether any actions are necessary to address those concerns.

If shareholders approve the resolution below, the Corporation expects to source and engage a compensation consultant to assist with the establishment of a designated "peer group" that can be appropriately used for compensation comparison purposes, and will look to review the Corporation's compensation measures against other companies that would make up the Corporation's "peer group".

Accordingly, shareholders will be asked to consider the following resolution at the Meeting:

"BE IT RESOLVED that the shareholders (the "**Shareholders**") of DirectCash Payments Inc. (the "**Corporation**") be allowed a "say on pay" vote that would provide, on an advisory basis, that shareholders would vote on the compensation of the Corporation's Named Executive Officers every two years."

### **Appointment of Auditors**

Management is soliciting proxies, in the accompanying form of proxy, in favour of the appointment of the firm of KPMG LLP, Chartered Accountants, as the Corporation's auditors, to hold office until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such. KPMG LLP was first appointed auditors of the Corporation's predecessor, DirectCash Income Fund, on October 18, 2004.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The objectives of the compensation program of the Corporation and its subsidiary entities (collectively, "**DCPayments**") are to achieve the best overall financial results (both long term and short term) for DCPayments. DCPayments needs to attract, retain and motivate key personnel and reward directors, officers, and employees for significant performance. This involves a cost/benefit analysis to determine what level of staffing (i.e. number of people) and compensation paid to each officer/employee is optimal to achieve the best results. Part of this analysis involves examining and picking the types of compensation (and the mix among the types) that provide the best outcome per compensation dollar spent. The primary compensation programs in use by DCPayments include:

- (a) basic cash salaries;
- (b) availability of basic benefit packages (i.e. dental coverage, drug coverage, small life insurance benefits, and disability coverage);
- (c) additional cash paid to match employee contributions to group RRSP plans (for employees who choose to participate);
- (d) discretionary year-end cash bonuses;
- (e) set cash commissions based on volumes of business achieved;
- (f) awards under DCPayments' long term incentive plan;

None of the Named Executive Officers have set cash commissions as part of their compensation package.



The compensation package for the CEO is determined by resolution of DCPayments' board of directors as a whole (with consideration of the recommendations of the Compensation, Nominating and Corporate Governance Committee). The compensation packages for the other Named Executive Officers (and other employees) are generally determined by the CEO of DCPayments.

The basic cash salary and benefit packages are viewed by DCPayments as a necessary starting point for the compensation package of officers and employees - without these components, employee recruitment would be difficult. Amounts available for contribution to RRSP plans (the "**Group RRSP Plan**") are closely related to the basic cash salary (as they are available regardless of performance). Only officers and permanent employees of DCPayments that are located in Canada are eligible to participate in the Group RRSP Plan. Each officer's/employee's participation in the Group RRSP Plan is at the discretion of management of DCPayments. Participants in the Group RRSP Plan may elect to contribute from a minimum of 1% to a maximum of 5% of their basic salary each month (depending on their term of service), through payroll deduction. Provided an employee has been employed by DCPayments for one year, at the end of each month, DCPayments will match a participant's contribution.

Discretionary cash bonuses are intended to provide senior management with the ability to recognize and reward individual achievement by individual officer/employees (as opposed to other compensation that might be tied to overall corporate performance/profitability).

Commissions are reserved for use to compensate sales force employees and the managers of sales force employees. These commissions need to be set at sufficient levels to attract sales personnel in competition with other businesses that use commissioned employees as part of their sales efforts. None of the Named Executive Officers receive commissions on sales as part of their compensation (although sales achievements may be taken into account as one of the considerations in setting discretionary bonuses).

DCPayments does not have an option plan or program. Instead, DCPayments has been using long term incentive plans (i.e. plans which provide compensation intended to serve as incentive for performance to occur over a period longer than 1 year) (an "**LTIP**").

The first LTIP was established for use from 2005 to 2010 (the "**Old LTIP**"). The last grants under the Old LTIP were finalized in March of 2011 in respect of performance from 2010. For continuing employees, the final 1/3 of the grants from March 2011 were fully vested prior to April 16, 2013.

A new form of LTIP was approved for use in respect of performance for 2011 (the "**new LTIP**").

Both LTIPs (old and new) were/are designed to reward employees that participate in it for the overall performance of DCPayments. Each year, the provisions of the LTIP result in a fixed dollar amount LTIP award being payable. The participation of DCPayments directors, officers, and employees is expressed as a percentage of the total LTIP award. Initially, from DCPayments' perspective, the LTIP operates similar to a yearend cash bonus plan since DCPayments is required to pay a cash amount to the LTIP trustee. Over the course of a fiscal year and within 120 days after the end of a fiscal year the Corporation can make cash contributions to the Trust which the Corporation designates are to be used by the Plan Trustee to purchase Common Shares ("**Share Purchase Contributions**"). To avoid market disruptions and to facilitate the purchase of the Common Shares DCPayments may determine (in its discretion) when to make these contributions. Once these contributions are made, the Plan Trustee and the Plan Trustee's broker have the discretion to determine the most beneficial method to purchase Common Shares – DCPayments has no power or role to instruct the Plan Trustee with respect to when particular Common Share purchase transactions are made. The LTIP Trustee is required to purchase Common Shares in accordance with applicable rules and laws. The rights of those DCPayments directors, officers, and employees who are awarded a share of the LTIP are expressed as a percentage out of 100%. The percentage entitlement of the CEO is set by the Board of Directors of DCPayments with the remainder of the LTIP allocations being determined by the CEO in consultation with senior management. The long term aspect of the LTIP plan arises because of the deferred vesting provisions. The Common Shares purchased in the market are held in trust by the LTIP trustee (currently Valiant Trust) until such time as ownership vests to each participant. The Common Shares vest in increments over time. Subject to discretion of the Compensation, Nominating and Corporate Governance Committee, one-third of these Common Shares vest upon the award being determined (for example, in April 2014 in respect of the award related to

the year ended December 31, 2013) and 1/3 equally on April 15 in each of the two years following the determination of the awards (for example, April 15, 2015 and April 15, 2016 in respect of the award related to the year ended December 31, 2013). LTIP participants will be entitled to receive distributions on all Common Shares held for their account prior to the applicable vesting dates. Unvested Common Shares held by the trustee for an LTIP participant will be forfeited if the participant resigns or is terminated prior to the applicable vesting date, and those Common Shares will be reallocated to other employees. Thus, the LTIP provides incentives for officers/employees to remain in DCPayments' employment since at any given time they could have unvested LTIP investments from LTIP grants for up to 3 different fiscal periods. The interests of LTIP participants are more aligned with Common Shareholders (since the value of their share of the LTIP goes up or down with the Common Share value).

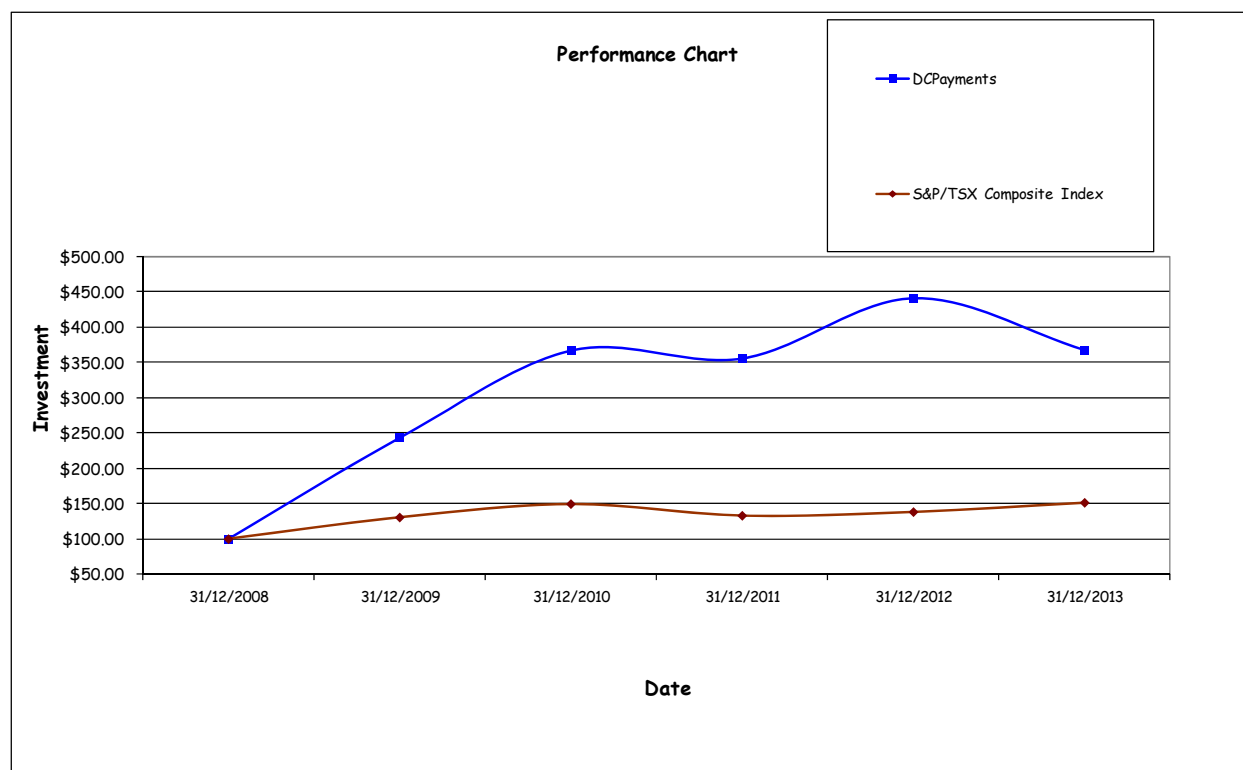
The New LTIP is structured as an employee profit sharing plan and is currently governed by a Plan Services Agreement & Trust Indenture between DirectCash Management Inc. ("**DMI**") and Valiant Trust Company (the "**Plan Trustee**") dated December 30, 2011 (the "**Plan Services Agreement & Trust Indenture**"). In addition to the features that the new LTIP shared with the Old LTIP (summarized above), the new LTIP also includes the following features:

1. Before the end of each fiscal year DMI can designate which employees, officers & directors will be beneficiaries (the "**Beneficiaries**") and the allocation among the Beneficiaries of the trust funds contributed for that fiscal year. DMI is required to notify the Plan Trustee of the allocations within 120 days following the year end. DMI may adjust the beneficiary allocations (i.e. as previously set prior to year-end) at any time up to the time that DMI notifies the Plan Trustee. The amounts contributed pursuant to this part of the New LTIP (i.e. used to purchase Common Shares) are referred to as "**Share Purchase Contributions**". From this point forward, the Common Shares purchased by the Plan Trustee shall be internally allocated by the Plan Trustee to individual accounts for each Beneficiary and the Beneficiaries entitlement shall be as specified in the Plan Services Agreement & Trust Indenture (as summarized below).
2. Provided that a Beneficiary remains an employee of DMI (or one of DMI's affiliates) at the relevant time, within 120 days after the end of the fiscal year following the fiscal year that a prior grant related to, the New LTIP contemplates that DMI shall make an additional cash contribution to the Trust which shall be designated by DMI to be used by the Plan Trustee to make a tax remittance on behalf of the Beneficiary ("**Tax Payment Contributions**"). The amount of this additional cash contribution shall be equal to 33% of the amount of the original benefit attributed to the Beneficiary in respect of the prior Share Purchase Contribution. This payment is intended to provide assistance to the Beneficiary in paying the taxes that will be payable by the Beneficiary in respect of the original grant. This amount will not exactly equal the Beneficiary's incremental tax burden (which will vary depending on tax rates and the individual circumstances of the beneficiary). The Tax Payment Contribution will itself trigger a taxable benefit the following tax year but no further contributions will be made by DCPayments in the next year in respect of that incremental tax burden.

Neither the Board of Directors nor any committee of the board specifically considers the implications of the "risks" associated with the Corporation's compensation policies and practices. The Corporation does not prohibit (i.e. in terms of employment or published policies of the Corporation incorporated by reference in terms of employment) any Named Executive Officer, directors or any officers or employees of the Corporation or the Corporation's subsidiaries from purchasing financial instruments (including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds), that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by directors, officers or employees.

### **Performance Graph**

The following line graph illustrates that total cumulative return to Common Share holders of \$100 invested in Common Shares (Participating Trust Units of the Fund prior to January 1, 2011) (assuming the reinvestment of distributions) comparing the total cumulative return of the S&P/TSX Composite Index (total return index value/TRIV) for the period from December 31, 2009 to December 31, 2013.



	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013
DCPayments	\$100.00	\$243.47	\$367.13	\$355.82	\$441.41	\$367.60
S&P/TSX Composite Index (TRIV)	\$100.00	\$130.69	\$149.57	\$133.02	\$138.34	\$151.56

Notes:

- (1) The S&P TSX Composite Index (TRIV) at the end of trading on December 31, 2008 was 8,987.70.
- (2) The line graph assumes that all distributions/dividends paid are reinvested in Common Shares/Trust Units of DCPayments/the Fund.

DCPayments does not directly tie any of DCPayments' compensation components to the trading price of the Common Shares. Jeffrey J. Smith (the President and CEO) is a large shareholder and as such there is correlation between his interests and the interests of public shareholders. However, LTIP awards are invested in the DCPayments' Common Shares (with the result that the value of historical but unvested LTIP awards go up/down in lockstep with the trading value of the Common Shares).

### Option Based Awards

DCPayments does not have any Option Based Awards.

### Compensation Governance

The Board of Directors has constituted a Compensation, Nominating and Corporate Governance Committee, the responsibilities of which include matters related to compensation. DCPayments (and its predecessor DirectCash Income Fund through DirectCash Management Inc.) has had a Compensation, Nominating and Corporate Governance Committee since September 2004. The Compensation, Nominating and Corporate Governance Committee is not empowered to make final decisions but only to make recommendations to the Board of Directors regarding compensation matters. Typically, the compensation package for the CEO is determined by resolution of the Corporation's board of directors as a whole (with consideration of the recommendations of the Compensation, Nominating and Corporate Governance Committee). The compensation packages for the other Named Executive

Officers (and other employees) are generally determined by the CEO of the Corporation. The Board of Directors has not adopted any specific policies or practices to determine the compensation for the Corporation's directors and executive officers.

The following table lists the names of all of the members of the Compensation, Nominating and Corporate Governance Committee as of April 3, 2014 and indicates whether each member is "independent" (as such term is defined in National Instrument 52-110 – *Audit Committees*) and what direct relevant experience the member has in relation to executive compensation.

<b>Compensation, Nominating and Corporate Governance Committee Member Name</b>	<b>Is the Member "Independent"<sup>(1)</sup></b>	<b>Direct Relevant Experience<sup>(2)</sup></b>
Gary H. Dundas	Yes	Chairman of Compensation and Governance Committee of Athabasca Oil Corporation.
Leroy E. Thiessen	Yes	None
Kevin W. Wolfe <sup>(3)</sup>	Yes	None.

- (1) The determination of whether a committee member is "independent" has been made by the Board of Directors based on all information available to the Board of Directors.
- (2) The Corporation has relied on representations from the individual committee members as to the relevant direct experience.
- (3) Mr. Wolfe is not standing for re-election at this year's Shareholders Meeting and as a result will no longer be on the Corporations' Compensation, Nominating and Corporate Governance Committee after the date of the Meeting.

The Compensation, Nominating and Corporate Governance Committee focuses on ensuring that human resource strategies support DCPayments' objectives and on measuring Board of Directors performance with respect to governance standards. The Compensation, Nominating and Corporate Governance Committee is responsible for reviewing compensation levels of senior management, for succession planning for the Chief Executive Officer and for providing advice to the Board of Directors concerning the general oversight of compensation and governance matters. The Compensation, Nominating and Corporate Governance Committee also assists the board in identifying individuals qualified to become board members and recommending director nominees.

### **Peer Group / Benchmark Review**

The past two years have been transformative for the Corporation in respect of its size and scope of operations both domestically and abroad. The Corporation has not previously established a formal "peer group" of companies due to difficulty in assessing who the Corporation's peers are in Canada. Most of the Corporation's competitors are international companies. In Canada, DCPayments does not have any peers that directly compete in its business, and often companies that deal with financial services generally are much larger than the Corporation. The Corporation's compensation policies are in its view materially different than most of its competitors – including, for example, the structure of existing share plans, retirement plans and the absence of change of control and other provisions within its executive employment contracts.

The Compensation, Nominating and Corporate Governance Committee, in reviewing the past compensation of its directors and executive officers has analysed an informal peer group, using publicly available information and data, however, the Corporation has not retained a compensation consultant or advisor to assist the Corporation in determining compensation for any of the Corporation's directors or executive officers.

### **Summary Compensation Table**

The following table sets forth, for the years ended December 31, 2013, 2012 and 2011 information concerning the compensation paid to the President and CEO, the Chief Financial Officer, the Chief Operating Officer (Australasia), the Managing Director Europe and Global Corporate Counsel (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs")

SUMMARY COMPENSATION TABLE									
Name and Principal Position (a)	Year Ended (b)	Salary (\$) <sup>(1)</sup> (c)	Share Based Awards (\$) <sup>(2)</sup> (d)	Option Based Awards (\$) (e)	Non-Equity Incentive Plan Compensation (\$) (f)		Pension Value (\$) (g)	All Other Compensation (h) <sup>(5)</sup>	Total Compensation (i)
					Annual Incentive Plans (f1) <sup>(3)</sup>	Long Term Incentive Plans (f2) <sup>(4)</sup>			
Jeffrey J. Smith President, Chief Executive Officer, & Director	2013	650,000	325,000	Nil	700,000	Nil	Nil	76,458	1,751,458
	2012	650,000	675,000	Nil	1,000,000	Nil	Nil	Nil	2,325,000
	2011	500,000	600,000	Nil	350,000	Nil	Nil	Nil	1,450,000
Brian B. Kathol <sup>(6)</sup> Former Chief Financial Officer	2013	104,639	Nil	Nil	Nil	Nil	Nil	Nil	104,639
	2012	175,000	Nil	Nil	70,000	Nil	Nil	Nil	245,000
	2011	98,256	28,125	Nil	37,500	9,375	Nil	Nil	173,256
Brenda Hughes <sup>(7)</sup> Chief Financial Officer	2013	252,596	50,638	Nil	135,000	16,879	Nil	Nil	455,113
	2012	168,100	37,500	Nil	Nil	12,500	Nil	Nil	218,100
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Aimie M. Killeen <sup>(9)</sup> Global Corporate Counsel	2013	195,467	Nil	Nil	62,663	20,000	Nil	Nil	278,130
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Matthew J. Thomas <sup>(10)</sup> Chief Operating Officer, DC Payments Pty Ltd.	2013	186,926	Nil	Nil	59,258	20,000	Nil	49,787	315,971
	2012	124,098	Nil	Nil	47,550	Nil	Nil	Nil	171,648
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Tim J. Wilder <sup>(11)</sup> Managing Director Europe InfoCash Holdings Ltd.	2013	282,083	Nil	Nil	59,987	25,000	Nil	Nil	367,070
	2012	184,917	Nil	Nil	228,925	Nil	Nil	Nil	413,842
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Notes:

- (1) Table reflects amounts earned, paid to or payable to the relevant NEO during the relevant period, regardless of when paid.
- (2) Includes amounts pursuant to the new LTIP, payable in Common Shares. One type of LTIP payment (Share Purchase Contribution) made by DCPayments to the LTIP trustee is then invested in Common Shares which are then allocated to the individual LTIP award recipients. Amounts reflected for 2011 represent targeted values under the new LTIP. Common Shares were allocated in 2012 and vested or will vest as to 1/3 each in March, 2012, April, 2013 and April, 2014. Common Shares issued were as follows: Mr. Smith – 27,710 Common Shares and Mr. Kathol – 1,376 Common Shares. Amounts reflected for 2012 represent targeted values under the new LTIP. Common Shares were allocated in 2013 and vested or will vest as to 1/3 each in April, 2013, 2014 and 2015. Common Shares issued were as follows: Mr. Smith – 28,134 Common Shares and Ms. Hughes – 1,563 Common Shares. Amounts reflected for 2013 represent targeted values under the new LTIP. Common Shares were allocated in 2014 and will vest as to 1/3 each in April, 2014, 2015 and 2016. Common Shares issued were as follows: Mr. Smith – 15,410 Common Shares and Ms. Hughes – 2,401 Common Shares.
- (3) Column F1 (Annual Incentive Plans) includes any discretionary cash awards paid during the fiscal year. Column F1 includes amounts granted as a special bonus in 2013 for completion of the acquisition of Threshold Financial Technologies Inc. as follows: Mr. Smith - \$300,000, Ms. Hughes - \$60,000 and Ms. Killeen - \$30,000. Column F1 includes \$500,000 for Mr. Smith and \$40,000 for Mr. Kathol granted as a special bonus in 2012 for completion of the acquisitions of Customers Limited and InfoCash Holdings Limited.
- (4) Column F2 (Long Term Incentive Plans) includes amounts pursuant to the new LTIP payable in cash. The second type of LTIP payment (Tax Payment Contribution) is equal to 33% of the prior year's Share Purchase Contribution but is only paid (i.e. contingent) if the NEO is allocated Common Shares in respect of the prior year. Amounts reflected for 2011 include the additional Tax Payment Contribution, where applicable, payable in 2013 in respect of Common Shares allocated in March, 2012. Amounts reflected for 2012 include the additional Tax Payment Contribution, where applicable, payable in 2014 in respect of Common Shares allocated in April, 2013. Amounts reflected for 2013 include the additional Tax Payment Contribution, where applicable, that will be payable in 2015 in respect of Common Shares allocated in April, 2015. The third type of LTIP payment is a cash payment and is applicable to overseas NEO's.

These amounts will vest as to one-half each in April, 2014 and April, 2015. Amounts reflected for 2013 were allocated in 2014.

- (5) The total amount of perquisites, including property or other personal benefits, (i.e. one of the components of "Other Annual Compensation) did not exceed the lesser of \$50,000 and 10% of the salary of the named officer. The dollar amount of other forms of "Other Annual Compensation", if any, are included in this column, vary jurisdictionally and include the employer portion of any matching payments made under the Group RRSP Plan, automobile allowances, superannuation plans and temporary housing allowances. Amounts show for Mr. Smith include only matching payments made under the Group RRSP Plan.
- (6) Mr. Kathol was appointed Chief Financial Officer on June 6, 2011 and ceased to be Chief Financial Officer on January 15, 2013.
- (7) Ms. Hughes was appointed as Chief Financial Officer on January 15, 2013. From July, 2012 to January 15, 2013 Ms. Hughes acted as a consultant to the Corporation. Amounts reported in Column C include fees paid to Ms. Hughes' consulting corporation.
- (8) See "*Director Compensation*" for disclosure of compensation paid to directors solely in their capacity as directors. Mr. Smith does not receive any compensation for his role as a director.
- (9) Ms. Killeen was appointed Global Corporate Counsel in March, 2013 and is located in Australia. Ms. Killeen's compensation is payable in Australian dollars, and was translated at an average exchange rate for 2013 of \$.9965
- (10) Mr. Thomas was appointed Chief Operating Officer for DCPayments Pty Ltd. in January, 2013. From May, 2012 to December, 2012, he was Global Director of Information Technology for DCPayments in Europe. Mr. Thomas's compensation is payable in Australian dollars, and was translated at an average exchange rate for 2013 of \$.9965. Prior to March, 2013 Mr. Thomas's compensation was payable in British Pounds, and was translated at average exchange rates of \$1.6119 for 2013 and \$1.585 for 2012.
- (11) Mr. Wilder was appointed Managing Director Europe for InfoCash Holdings in May, 2012. Mr. Wilder's compensation is payable in British Pounds, and was translated at average exchange rates of \$1.6119 for 2013 and \$1.585 for 2012.

### Outstanding Share Based Awards and Option Based Awards

DCPayments does not have any compensation programs that result in option-based awards. However, as discussed above, the cash awards under the Corporation's LTIP are invested in Common Shares which vest to the LTIP recipients over time. The following table (under the "Share Based Awards" section) discloses the number of Common Shares and their market value as of December 31, 2013 allocated to the Named Executive Officers under the LTIP as of December 31, 2013. These figures only set out unvested Common Shares (i.e. the portion that would be forfeited if the recipient ceased to be employed). Each recipient's number is calculated by cumulating 1/3 of the grant in respect of calendar year 2011 performance (i.e. the award granted in March 2012) and 2/3 of the grant in respect of calendar year 2012 performance (i.e. the award granted in April 2013).

INCENTIVE PLAN AWARDS							
Named Executive Officer Name	Option Based Awards				Share Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In the Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market Or Payout Value of Share Based Awards That Have Not Vested (\$)	Market Or Payout Value of Vested Share Based Awards Not Paid Out or Distributed (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Jeffrey J. Smith President, Chief Executive Officer, & Director	Nil	Nil	Nil	Nil	27,992	509,734	Nil
Brenda Hughes <sup>(2)</sup> Chief Financial Officer	Nil	Nil	Nil	Nil	1,042	18,975	Nil

Notes:

- (1) Market Value is calculated using the Common Share closing trading value for December 31, 2013 of \$18.21.
- (2) Ms. Hughes was appointed as Chief Financial Officer on January 15, 2013.

- (3) Vesting schedule is as follows:

Officer:	2014	2015
Jeffrey J. Smith	18,614	9,378
Brenda G. Hughes	521	521

### Incentive Plan Awards - Value Vested Or Earned During The Year

The following table sets out valuation information concerning all incentive plan awards vested/earned during the year ended December 31, 2013.

INCENTIVE PLAN AWARDS - VALUE VESTED OR EARNED DURING THE YEAR			
Named Executive Officer Name	Option Based Awards Value Vested During The Year (\$)	Share Based Awards Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation Value Earned During The Year (\$)
(a)	(b)	(c)	(d)
Jeffrey J. Smith President, Chief Executive Officer, & Director	Nil	\$686,048	\$700,000
Brian B. Kathol <sup>(2)</sup> Former Chief Financial Officer	Nil	Nil	Nil
Brenda Hughes <sup>(3)</sup> Chief Financial Officer	Nil	\$13,603	\$147,500
Aimie M. Killeen <sup>(4)</sup> Global Corporate Counsel	Nil	Nil	\$62,663
Matthew J. Thomas <sup>(5)</sup> Chief Operating Officer DC Payments Pty Ltd.	Nil	Nil	\$59,258
Tim J. Wilder <sup>(6)</sup> Managing Director Europe InfoCash Holdings Ltd	Nil	Nil	\$59,987

Notes:

- (1) Column (c) includes the deemed value of the recipient's share of the LTIP awards that vested during 2013 and column (d) includes the discretionary cash bonus paid during 2013 plus the Tax Payment Contribution in respect of 2012 LTIP grants that was remitted by DCPayments in February 2014 (Column F under the Summary Compensation Table). Market value for shares vested under the new LTIP is calculated using the Common Share closing trading value for April 15, 2013 of \$26.11.
- (2) Mr. Kathol ceased to be an officer of the Corporation on January 15, 2013.
- (3) Ms. Hughes was appointed as Chief Financial Officer on January 15, 2013.
- (4) Ms. Killeen was appointed Global Corporate Counsel in March, 2013 and is located in Australia.
- (5) Mr. Thomas was appointed Chief Operating Officer for DCPayments Pty Ltd. in January, 2013. From May, 2012 to December, 2012, he was Global Director of Information Technology for DCPayments in Europe.
- (6) Mr. Wilder was appointed Managing Director Europe for InfoCash Holdings in May, 2012.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation did not have any equity compensation plans as at December 31, 2013 under which equity securities are authorized for issuance.

## **Terms and Operation of Incentive Plan Awards**

### ***Purpose of the Long Term Incentive Plan***

The purpose of the LTIP is to encourage ownership of the Common Shares of DCPayments, enhance the Corporation's ability to attract, retain and motivate key personnel and reward senior management for significant performance.

### ***Eligibility***

All employees, officers and directors of DCPayments Corporation or one of its affiliated entities, including those who are only employed by non-Canadian affiliates, are eligible for participation in the LTIP. Participation of select individuals is determined on an annual basis. DCPayments' Compensation, Nominating and Corporate Governance Committee has the power to, among other things: (i) determine those individuals who are eligible to participate in the LTIP, which shall include, for fiscal 2013, DCPayments' President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer (Australasia), Managing Director Europe and Global Corporate Counsel, each of the other members of the DCPayments Board of Directors and such other key employees as may be put forward by management; and (ii) determine the level of participation of each participant. The total amount payable under the New LTIP is determined at the discretion of DCPayments.

### ***Dividends***

LTIP participants are entitled to receive dividends on all Common Shares held for their account prior to the applicable vesting dates. Dividends are paid at the same dividend rate that applies to all holders of Common Shares.

### ***Effect of termination of employment***

Unvested Common Shares held by the trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those Common Shares will be reallocated to other employees who qualify under the LTIP.

### ***Payment of income taxes***

Starting for 2011, the LTIP also contemplates that an additional contribution (referred to as the "Tax Payment Contribution") equal to 1/3 of the prior year's "Share Purchase Contribution" shall be made within 120 days after the end of the fiscal year following the fiscal year that a prior grant related to if certain conditions are met. The Tax Payment Contribution is paid directly to Canada Revenue Agency as an instalment of income tax for each recipient (to be applied against the recipient's income tax bill for the year in which the Share Purchase Contribution is taxed to the recipient).

### ***Determination of awards***

Initially, the award of the LTIP to each participant is expressed as a percentage of the total cash available for LTIP payments. The actual total cash contribution for the LTIP is determined after year end in conjunction with preparation of the yearend financial statements. However, DMI may forward cash advances to the Trustee during the year to make purchases of Common Shares (to avoid purchases being forced into too short of a time period in March/April). Once all the Common Shares are purchased, the actual number of shares attributable to each LTIP participant shall be calculated.

Since inception of the new LTIP, DCPayments has funded the LTIP and repurchased Common Shares in the open market of \$1.35 million (62,345 shares granted March, 2012), \$1.2 million (49,139 shares granted March, 2013) and \$1.1 million (43,880 shares granted March, 2014).



### **Pension Plan Benefits**

DCPayments has no pension plans for directors, officers or employees.

### **Deferred Compensation Plans**

DCPayments has no deferred compensation plans for directors, officers or employees.

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

DC Payments has not entered into any agreements with Named Executive Officers that contain termination and change of control benefits other than:

- (a) the employment agreement entered into with Jeffrey J. Smith for the period commencing July 1, 2008 and amended November 8, 2010 pursuant to which Jeffrey J. Smith continues to act as President and CEO. The employment agreement has no set termination date but may be terminated by either party on notice to the other, and automatically terminates on death. Mr. Smith may terminate the employment agreement with 60 days written notice. DCPayments may terminate the employment agreement immediately if there is "just cause". DCPayments may also terminate the employment agreement at any time even in the absence of "just cause" subject to payment to Mr. Smith of a termination payment equal to the greater of (i) \$500,000 and (ii) 150% of the current salary plus 150% of the last calendar year's bonuses (if any) (the "**Retiring Allowance Payment**") plus 15% of current salary to compensate for the loss of employee benefits. The Retiring Allowance Payment is also payable if Mr. Smith terminates employment voluntarily within 6 months after a change of control, as defined in the agreement, if: (a) an event occurs that constitutes constructive dismissal, (b) there is a material reduction in benefits or remuneration, (c) DCPayments breaches a material provision of the employment agreement, or (d) there is a material change in the employee's position or duties, responsibilities, title or office. The executive employment agreement for Mr. Smith provides for confidentiality, non-solicitation and non-compete covenants in DCPayments' favour during the term of employment and for 12 months following termination of employment; and
- (b) the Director's Service Agreement entered into with Tim Wilder dated February 15, 2013 pursuant to which Mr. Wilder acts as Managing Director of European operations. The agreement has no set termination date but may be terminated by either party on notice to the other, and automatically terminates on death. Notice periods required by both parties are twelve calendar months or, in the case of the Corporation, payment in lieu thereof. No other amounts are due and payable to Mr. Wilder on termination of employment, and the contract does not include change of control provisions.
- (c) Offer of Employment letters with Ms. Killeen and Mr. Thomas which may be terminated by either party on notices to the other. Notice periods required by the Corporation is six calendar months or payment in lieu thereof. No other amounts are payable to Ms. Killeen or Mr. Thomas on termination of employment, and the contracts does not include change of control provisions.

Executive officers are also entitled to participate in DCPayments' benefit packages and the LTIP.

As of December 31, 2013, there would be no incremental payments to the Named Executive Officers triggered on a change of control.

### **Director Compensation**

Non-executive Directors of DCPayments are paid an annual retainer fee of \$12,500 and \$750 for attendance (either in person or by teleconference) at board meetings. In addition, each director who serves as Lead Director or chairman of the Audit Committee of the Board receive additional compensation of \$2,500 per year. Non-executive Directors also received annual LTIP awards and are also entitled to be reimbursed for all reasonable expenses

incurred in order to attend such meetings. In April 2014, the non-executive directors collectively received a total of \$250,125 in 2013 LTIP grants (\$187,595 in Share Purchase Contributions plus \$62,530 in corresponding expected future Tax Payment Contributions). Certain executive officers (see disclosure tables above) who are also directors receive compensation in their capacity as officers and employees of DCPayments.

The following table provides information regarding all compensation provided to the non-executive Directors of DCPayments for the year ended December 31, 2013.

NON-EXECUTIVE DIRECTOR COMPENSATION							
Director Name	Fees Earned (\$)	Share Based Awards (\$) <sup>(1)</sup>	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation <sup>(1)</sup> (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Gary H. Dundas	\$19,500	\$37,519	Nil	\$12,506	Nil	Nil	\$69,525
R. Bradley Hurtubise	\$16,250	\$37,519	Nil	\$12,506	Nil	Nil	\$66,275
Leroy E. Thiessen	\$17,000	\$37,519	Nil	\$12,506	Nil	Nil	\$67,025
Kevin W. Wolfe <sup>(2)</sup>	\$19,500	\$37,519	Nil	\$12,506	Nil	Nil	\$69,525
Barry G. Sechos <sup>(3)</sup>	\$9,250	\$37,519	Nil	\$12,506	Nil	Nil	\$59,275

Notes:

- (1) Amounts reflected for 2013 represent targeted values under the new LTIP plan. Common Shares were allocated in 2014 and vested or will vest as to 1/3 each in April, 2014, 2015 and 2016. Each non-executive director was allocated 1,779 shares. Future Tax Payment Contributions will be paid in 2015.
- (2) Mr. Wolfe is not standing for re-election.
- (3) Mr. Sechos was elected to the board of directors of the Corporation on May 23, 2013.

DCPayments does not have any compensation programs that result in Option Based Awards. However, the cash awards under the LTIP are invested in Common Shares which vest in the LTIP recipients over time. The following table (under the "Share Based Awards" section) discloses the number of Common Shares and their market value as of December 31, 2013 allocated to the directors of DCPayments (other than Named Executive Officers whose information is already provided above) as of December 31, 2013. These figures only set out unvested Common Shares (i.e. the portion that would be forfeited if the recipient ceased to be a director of the Corporation). Each recipient's number is calculated by cumulating 1/3 of the grant in respect of calendar year 2011 performance (i.e. the award granted in March, 2012) and 2/3 of the grant in respect of calendar year 2012 performance (i.e. the award granted in April, 2013).

INCENTIVE PLAN AWARDS – NON-EXECUTIVE DIRECTORS						
Director Name	Option Based Awards				Share Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In the Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market Or Payout Value of Share Based Awards That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Gary H. Dundas	Nil	Nil	Nil	Nil	1,966	\$35,801
R. Bradley Hurtubise	Nil	Nil	Nil	Nil	1,966	\$35,801
Leroy E. Thiessen	Nil	Nil	Nil	Nil	1,966	\$35,801
Kevin W. Wolfe <sup>(2)</sup>	Nil	Nil	Nil	Nil	1,966	\$35,801
Barry G. Sechos <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Market value is calculated using the Common Share closing trading value for December 31, 2013 of \$18.21.
- (2) Mr. Wolfe is not standing for re-election.
- (3) Mr. Sechos was elected to the board of directors of the Corporation on May 23, 2013.
- (4) Vesting schedule is as follows:

Director:	2014	2015
Gary H. Dundas	1,288	678
R. Bradley Hurtubise	1,288	678
Leroy E. Thiessen	1,288	678
Kevin W. Wolfe <sup>(2)</sup>	1,288	678
Barry G. Sechos <sup>(3)</sup>	Nil	Nil

The following table sets out valuation information concerning all incentive plan awards vested/earned during the year ended December 31, 2013.

INCENTIVE PLAN AWARDS - VALUE VESTED OR EARNED DURING THE YEAR NON-EXECUTIVE DIRECTORS			
Named Executive Officer Name (a)	Option Based Awards Value Vested During The Year (\$) (b)	Share Based Awards Value Vested During The Year (\$) (c)	Non-Equity Incentive Plan Compensation Value Earned During The Year (\$) (d)
Gary H. Dundas	Nil	\$50,323	\$16,251
R. Bradley Hurtubise	Nil	\$50,323	\$16,251
Leroy E. Thiessen	Nil	\$50,323	\$16,251
Kevin W. Wolfe <sup>(2)</sup>	Nil	\$50,323	\$16,251
Barry G. Sechos <sup>(3)</sup>	Nil	Nil	Nil

Notes:

- (1) Column (c) includes the deemed value of the recipient's share of the LTIP awards that vested during 2013 and column (d) includes the Tax Payment Contribution in respect of 2012 LTIP grants that was remitted by DCPayments in February 2014. Market value for shares vested under the new LTIP is calculation using the Common Share closing trading value for April 15, 2013.
- (2) Mr. Wolfe is not standing for re-election.
- (3) Mr. Sechos was elected to the board of directors of the Corporation on May 23, 2013.

The terms of DCPayments' incentive plans have already been described above in the sections containing disclosure regarding the Named Executive Officers.

### CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The Toronto Stock Exchange also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure. As noted above, Mr. Wolfe is not standing for re-election at the Meeting and, as such, the board of directors will appoint a new Lead Director following the Meeting. The disclosure included in this Form 58-101F1 Disclosure is as at the date of this information circular-proxy statement.

**1. Board of Directors**

**(a) Disclose the identity of directors who are independent.**

The following four directors of the Corporation are independent (for purposes of NI 58-101):

Kevin W. Wolfe (Lead Director)  
 Gary H. Dundas  
 R. Bradley Hurtubise  
 Barry G. Sechos  
 Leroy (Lee) E. Thiessen

**(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.**

Jeffrey J. Smith is not independent as he occupies the position of President and CEO of the Corporation.

**(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the Board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.**

A majority of the directors of the Corporation (currently five out of six) are independent.

**(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

The following director is presently a director of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Gary H. Dundas	Athabasca Oil Corporation
R. Bradley Hurtubise	Eaglewood Energy Inc. Ithaca Energy Inc.

**(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.**

At the end of or during each meeting of the Board and the committees, the members of management of the Corporation and the non-independent directors of the Corporation who are present at such meeting leave the meeting in order for the independent directors to meet. In addition, other meetings of the independent directors may be held from time to time if required. The Chairman of the Board also communicates informally, from time to time, with the independent members. 15 meetings of the independent directors have been held since the beginning of the Corporation's most recently completed financial year.

**(f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.**

The Lead Director of the Board is Kevin W. Wolfe, who is an independent member of the Board. The Corporation does not have a Chairman. The Lead Director presides at all meetings of the Board and, unless

otherwise determined, at all meetings of shareholders and to enforce the rules of order in connection with such meetings. The Lead Director is to provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit. The Lead Director is to endeavour to fulfill his Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present. The Lead Director is also to endeavour to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances. Mr. Wolfe is not standing for re-election at the Meeting and as such the board of directors will appoint a new Lead Director following the Meeting.

**(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of the directors of the Corporation for Board meetings and committee meetings held since January 1, 2013, is as follows:

<b>Name of Director</b>	<b>Attendance Record</b>	
Kevin W. Wolfe	7 out of 7 5 out of 5 3 out of 3	Board Meetings Audit Committee Meetings Compensation, Nominating and Corporate Governance Committee Meetings
Gary H. Dundas	7 out of 7 5 out of 5 3 out of 3	Board Meetings Audit Committee Meetings Compensation, Nominating and Corporate Governance Committee Meetings
R. Bradley Hurtubise	6 out of 7 4 out of 5	Board Meetings Audit Committee Meetings
Jeffrey J. Smith	7 out of 7	Board Meetings
Leroy E. Thiessen	7 out of 7 3 out of 3	Board Meetings Compensation, Nominating and Corporate Governance Committee Meetings
Barry G. Sechos	5 out of 5	Board Meetings

Note:

(1) Mr. Sechos was elected to the board of directors of the Corporation on May 23, 2013.

**2. Board Mandate – Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.**

The mandate of the Board is attached to this information circular-proxy statement at Schedule "A".

**3. Position Descriptions**

**(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.**

The Board has developed written position descriptions for the Lead Director of the Board as well as the Chairman of each of the committees of the Board. The position descriptions are attached to this information circular-proxy statement at Schedule "A".

- (b) **Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.**

The Board, with the input of the CEO of the Corporation, has developed a written position description for the CEO. The position description is attached to this information circular-proxy statement at Schedule "A".

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

- (a) **Briefly describe what measures the Board takes to orient new directors regarding (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

The Compensation, Nominating and Corporate Governance Committee had primary responsibility for the orientation and continuing education of Board of Directors members. New Board of Directors members are provided orientation over a period of time, including presentations by senior management to familiarize new directors with the business of the Corporation (and the subsidiary entities of DCPayments). New board members are provided an information package which includes public disclosure documents of the Corporation for the past 12 months; governance policies and procedures; code of ethics; the Corporation constating documents; Board and Committee meeting minutes and resolutions for the past 12 months; contact information for DCPayments' officers, auditors and legal counsel; reporting and Board meeting calendar and all other relevant policy statements. A more complete description of new director orientation can be found in the Board of Directors' mandate attached hereto as Schedule "A".

- (b) **Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

Board members are encouraged to enrol in seminars and courses which are pertinent to their duties. In addition, continuing education is provided to Board of Directors members through the provision of literature in respect of corporate governance developments.

#### 5. **Ethical Business Conduct**

- (a) **Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:**

The Corporation has adopted a Code of Business Conduct and Ethics for directors, officers and employees (the "Code").

- (i) **disclose how a person or company may obtain a copy of the code;**

A copy of the Code may be obtained by contacting the Corporation's CFO and is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

- (ii) **describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and**

The Board monitors compliance with the Code and may at their discretion ask employees, directors and officers to verify their compliance. Please also see 5(c) below for a discussion of the whistleblower policy.

- (iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There have been no material change reports filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

- (b) **Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

- (c) **Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.**

In addition to the Code, the Board has also adopted a "Whistleblower Policy" wherein employees and consultants of the Corporation are provided with the mechanics by which they may raise concerns about incorrect financial reporting, unlawful activities, actions that violate the Code and any other serious improper conduct in a confidential, anonymous process.

## 6. **Nomination of Directors**

- (a) **Describe the process by which the Board identifies new candidates for Board nomination.**

The Compensation, Nominating and Corporate Governance Committee is responsible for recommending suitable candidates as nominees for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the Compensation, Nominating and Corporate Governance Committee is to consider: (i) the competence and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competence and skills that the Board considers each existing director to possess; (iii) the competencies and skills that each new nominee will bring to the Board; and (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board. In between shareholder meetings, the Board of Directors may also fill vacancies and add directors (up to 1/3 of the number previously approved by the shareholders) without the need of a shareholder vote.

The Compensation, Nominating and Corporate Governance Committee is also to review on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, and analyze the needs of the Board and recommend nominees who meet such needs.

- (b) **Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.**

The Corporation has established a Compensation, Nominating and Corporate Governance Committee, the mandate of which includes responsibility for nomination of Directors. All of the current members of DCPayments' Compensation, Nominating and Corporate Governance Committee are independent directors.

- (c) **If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a).

## 7. Compensation

- (a) **Describe the process by which the Board determines the compensation for the issuer's directors and officers.**

The Compensation, Nominating and Corporate Governance Committee's mandate includes determining the compensation of directors and officers. In determining the compensation for directors and select officers, the Compensation, Nominating and Corporate Governance Committee considers comparative industry data and whether compensation arrangements promote Shareholder value.

Please also see discussion under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

- (b) **Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.**

The Compensation, Nominating and Corporate Governance Committee is comprised entirely of independent directors.

- (c) **If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation, Nominating and Corporate Governance Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and officers of the Corporation. Without limiting the generality of the foregoing, the Compensation, Nominating and Corporate Governance Committee has the following duties:

- (i) advise the Board on executive compensation matters, including annual bonuses and LTIP awards;
- (ii) review and recommend a compensation philosophy, guidelines and plans for the Corporation's executives and employees;
- (iii) review and approve corporate goals and objectives relevant to CEO compensation;
- (iv) evaluate the CEO's performance in light of those goals, and make recommendations to the Board with regard to the CEO's compensation based on this evaluation;
- (v) in consultation with the CEO, review and approve non-Chief Executive Officer compensation, incentive-compensation plans, and equity-based plans;



- (vi) review and approve all discretionary compensation granted;
- (vii) review and approve fees to be paid to members of the Board;
- (viii) review executive compensation disclosure before it is publicly disclosed; and
- (ix) be the forum for meetings of all independent directors of the Corporation.

The Compensation, Nominating and Corporate Governance Committee is responsible for the periodic review of DCPayments' policies in the areas of management benefits and perquisites. In determining the compensation for select executive and directors, this Committee considers comparative industry data and whether compensation arrangements promote the creation of shareholder value.

- (d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

A compensation consultant or advisor has not, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining compensation for any of the Corporation's directors and officers.

8. **Other Board Committees – If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.**

The Corporation does not have any other committees aside from the Audit Committee and the Compensation, Nominating and Corporate Governance Committee.

9. **Assessments – Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.**

The Compensation, Nominating and Corporate Governance Committee is responsible by its terms of reference to evaluate the effectiveness of the Board, its committees and individual directors. Given the relatively small size of the Board of Directors, the assessment process is informal in nature. The Board of Directors satisfies itself as to effectiveness through ongoing review through general discussion on at least a quarterly basis of contribution and performance of committees and individual directors.

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

Neither the Corporation, nor any director or executive officer of the Corporation, any proposed nominee for election as a director of the Corporation, nor any associate of any of the foregoing, is, or has at any time since the beginning of the Corporation's last completed financial year, been indebted to the Corporation, nor is or has the indebtedness of any such persons to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

#### **AUDIT COMMITTEE INFORMATION**

The information required by Form 52-110F1 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, including information regarding the fees billed to the Corporation by KPMG LLP, Chartered Accountants, Calgary, Alberta, is contained in the Corporation's annual information form for the year ended December 31, 2013, under the heading "*Audit Committee Information*", an electronic copy of which is available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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

Except as disclosed below and otherwise herein, there were no material interests, direct or indirect, of directors or executive officers of the Corporation, any proposed director of the Corporation, any securityholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

A services, employee secondment and marketing agreement was previously entered into between DirectCash Bank ("**DC Bank**") and DirectCash Management Inc. on November 6, 2007 and amended effective January 1, 2010. The sole shareholder of DC Bank is 6676405 Canada Ltd. (which is a corporation owned by Susan M. Anderson and Jeffrey J. Smith). Susan M. Anderson is no longer an employee or a director of DCPayments. Two of DCPayments' directors (Jeffrey J. Smith and Gary H. Dundas) are also directors of DC Bank.

DirectCash Processing Partnership has provided a guarantee of a credit line provided to DC Bank by a financial institution. In addition, DirectCash Processing Partnership is responsible for an outstanding letter of credit issued through DCPayments' bank lender in favour of MasterCard International in the amount of U.S. \$3.0 million.

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

Management is not aware of any material interest of any director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year, any proposed nominee for election as a director or of any associate or affiliate of any of the foregoing in any matter to be acted on at the meeting, save as is disclosed herein.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended December 31, 2013 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management discussion and analysis are available upon request from the Corporation at Bay #6, 1420 - 28th Street N.E., Calgary, Alberta T2A 7W6, Attention: Brenda Hughes.

### **OTHER MATTERS**

Management of the Corporation knows of no amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of annual and special meeting. However, if any other matter properly comes before the meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

The contents and the sending of this information circular-proxy statement have been approved by the Corporation's board of directors.

Dated: April 3, 2014

## SCHEDULE "A"

### TO THE PROXY STATEMENT AND INFORMATION CIRCULAR OF DIRECTCASH PAYMENTS INC.

#### DIRECTCASH GOVERNANCE PRINCIPLES & GUIDELINES

##### **DEFINITIONS**

In this governance document the follows terms have the following meanings:

"**DCPayments**" or the "**Corporation**" means DirectCash Payments Inc., and as the context requires includes the entities contained in the definition of DirectCash.

"**DirectCash**" means, collectively, DirectCash Management Inc., DirectCash Limited Partnership (prior to its dissolution on December 30, 2012), DirectCash Canada Limited Partnership (from and after January 1, 2013), the DirectCash ATM Management Partnership, the DirectCash ATM Processing Partnership, DirectCash Acquisition Corp. (prior to its amalgamation into DCPayments on December 30, 2012), Threshold Financial Technologies Inc. (prior to is amalgamation into DCPayments), and any of their controlled affiliates (i.e. the entities involved in the actual operation of the businesses being carried on).

##### **PREAMBLE**

The Board of Directors of DCPayments (the "**Board of Directors**"), is responsible for supervising the management of DCPayments' business. It has the authority and obligation to protect and enhance the assets of DCPayments in the interests of all shareholders. Although Directors may be elected to bring special expertise or a point of view to Board of Directors deliberations, they are not chosen to represent a particular constituency. The best interests of DCPayments and its shareholders must be paramount at all times. In pursuing the best interests of DCPayments, the Board of Directors should consider DCPayments' customers, employees, suppliers and the communities and environment where it does business; recognizing that all are essential to a successful business. The Board of Directors' responsibility to ensure the operation of a successful business is an active, not passive one. The involvement and commitment of individual Directors is evidenced by regular Board of Directors and Committee attendance, preparation, and participation in setting goals and requiring performance in the interests of shareholders.

##### **1. BOARD INDEPENDENCE AND INTEGRITY**

1.1 **Board to Assess Independence.** Boards of Directors function most effectively when individual Directors are free from conflicts of interest and exercise independent judgment in discharging their responsibilities. DCPayments shall comply with the independence requirements of applicable securities laws and of all stock exchanges on which DCPayments is listed. The number of Directors is proposed to be set at **6**. The Board of Directors will try to maintain a minimum of **3** independent directors on the Board of Directors of DCPayments at all times. The Board of Directors will take into account the independence of each Director nominee in assessing his or her qualifications to serve on the Board of Directors.

For a Director to be considered independent, the Board of Directors must determine that the Director does not have any material relationship with DCPayments (either directly or as a partner, shareholder or officer of an organization that has a relationship with DCPayments). A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a Director's independent judgment. The Board of Directors has established standards to assist it in making determinations of independence, which standards conform to or are more exacting than applicable securities regulations and stock exchange rules. The Board of Directors will make and publicly disclose an independence determination for each Director when the Director is first elected to the Board of Directors and annually

thereafter for all nominees as directors. A Director nominee's failure to meet the standards for independence set forth in these principles or those prescribed by any regulatory, stock exchange listing, or other legal requirements, shall not preclude the Board of Directors from determining that such Director nominee nonetheless has the requisite integrity, experience, skill and expertise to be an effective Director of DCPayments.

**1.2 Independence Standards.** The independence standards established by the Board of Directors are as follows:

- a) A Director will not be considered to be independent if:
  - i) the Director is or within the preceding 3 years was an employee or executive officer of DCPayments;
  - ii) an "immediate family member" (i.e. any spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the Director or the Director's immediate family member) who shares the Director's home) of the Director is or was within the preceding 3 years an employee or executive officer of DCPayments;
  - iii) the Director is a partner or employee of an internal or external auditor of DCPayments;
  - iv) the Director was within the preceding 3 years a partner or employee of an internal or external auditor of DCPayments and personally worked on DCPayments' audit within that time;
  - v) a spouse, or child or stepchild who shares a home with the Director, is a partner of an internal or external auditor of DCPayments;
  - vi) a spouse, or child or stepchild who shares a home with the Director, is an employee of an internal or external auditor of DCPayments, and participates in the auditor's audit, assurance or tax compliance (but not tax planning) practice;
  - vii) a spouse, or child or stepchild who shares a home with the Director, was within the preceding 3 years a partner or employee of an internal or external auditor of DCPayments, and personally worked on DCPayments' audit within that time;
  - viii) the Director or an "immediate family member" of the Director, is or has been within the last 3 years, an executive officer of an entity if any current executive officers of DCPayments serves or served at that same time on the entity's compensation committee;
  - ix) the Director received, or an "immediate family member" of the Director who is employed as an executive officer of DCPayments, received, more than \$75,000 in direct compensation from DCPayments (including subsidiary and affiliated entities of DCPayments) during any 12 month period within the last 3 years (excluding compensation received for acting as a member of the Board of Directors or any board committee and excluding fixed retirement payments received from prior service and not contingent on continued service);
- b) If a Director has any of the following commercial or charitable relationships, such Director will not be considered to be independent:
  - i) the Director has served as an executive officer or employee of, or any of such Director's "immediate family members" has served as an executive officer of, another entity that makes payments to, or receives payments from, the entities within DCPayments for property or services in an amount that, in any of the three most recent fiscal years, exceeds the greater of (a) \$1,000,000 and (b) 2 percent of the annual consolidated gross revenues of such entity; or

- ii) the Director has served as an officer, director or trustee of a charitable organization, and DCPayments' discretionary charitable contributions to that organization exceeds 1.5% of such organization's total annual consolidated gross revenues within any of the three most recent fiscal years (provided that DCPayments' matching of employee charitable contributions will not be included in the amount of DCPayments' contributions for this purpose);
- c) Where a relationship exists as a result of a Director who is a limited partner, a non-managing member or who occupies a similar position in an entity that does business with DCPayments, or who has a shareholding in such entity which is not significant, and who, in each case, has no active role in sales to, purchases from or in providing services to DCPayments and derives no direct material benefit from same, such relationship shall be considered not to be material.

**1.3 Conflicts of Interest.** One of the factors that should be considered in selecting a Director and determining to recommend reappointment of an existing Director is a consideration of the other entities that the Director is a shareholder, director, officer, or employee of or holds some kind or interest in. Annual disclosure of many of these associations is required by applicable securities laws. Consideration should be made of a Director's associations with other entities that are: (a) reporting issuers or listed issuers, (b) competitors or potential competitors of DCPayments, (c) suppliers or customers of DCPayments, or (d) involved in businesses that may attract positive or negative public attention. Depending on the nature of the entity, a Director's association may be viewed as having a potentially positive, negative or neutral effect on the Director's qualifications for the Board of Directors. Each proposed Director should report all associations to the Board of Directors (or applicable nominating committee) before accepting a nomination for director. Each existing Director should report any changes in associations to the Board of Directors on a timely basis.

In the case where DCPayments enters into a business relationship with an entity with which a Director is associated as a director, officer, partner or significant shareholder, the following guidelines will apply:

- a) DCPayments will consider:
  - i) whether the relationship would cause the Director to lose the Director's status as an independent Director;
  - ii) whether the relationship would prevent the Director from serving on any particular Board of Directors Committee;
  - iii) whether the relationship was already in existence prior to the Director joining the Board of Directors; and
  - iv) who initiated the relationship and whether the relationship is beneficial to DCPayments;
- b) any proposed new relationship must be brought to the attention of the Board of Directors Lead Director in advance and, where such relationship is not one covered by the specific "independence" criteria listed above, shall be subject to the determination of the Compensation, Nominating and Corporate Governance Committee as to its materiality and the consequent effect on the independence of the Director;
- c) the relationship should be disclosed in DCPayments' public disclosure documents in accordance with applicable regulations and DCPayments' policy.

- 1.4 **Meetings of the Independent Directors.** The independent directors of DCPayments may hold meetings at which non-independent directors and members of management are not in attendance. These may take the form of: (a) formal meetings of the Board of Directors called in the usual manner where the non-independent directors absent themselves from all or part of the meeting (with the remaining directors have the power to pass resolutions) or (b) informal meetings of some or all of the independent directors at which no legal resolutions can be authorized (i.e. because the meeting is not called in the required manner). The need for meetings of independent directors will depend on the nature of the business to be considered and whether the reasons that a director is not "independent" is in any way relevant to the business to be discussed. In most cases the reason that a Director is not "independent" will not result in a conflict with respect to the business to be discussed by the Board of Directors. A common example of when independent directors may be required to meet without certain non-independent directors present is when the remuneration or other terms of employment of executive officers who are also directors is to be considered by the Board of Directors.

The Board of Directors has adopted a policy of meeting in executive session, with only independent Directors present, at each regularly scheduled meeting of the Board of Directors. The presiding officer at these executive sessions is the Lead Director of the Board of Directors or, in the Lead Director's absence, a Director selected by majority vote of those present. Sessions are of no fixed duration and participating Directors are encouraged to raise and discuss any issues of concern.

- 1.5 **Separation of Lead Director from CEO.** The Board of Directors has determined that DCPayments is best served by dividing the responsibilities of the Lead Director of the Board of Directors and Chief Executive Officer ("CEO"). The Lead Director of the Board of Directors should be "independent" and chosen by the full Board of Directors.
- 1.6 **Director/Officer Loans and Nepotism.** No member of DCPayments should make any personal loans or extensions of credit to Directors or executive officers, except with specific Board of Directors authorization evidenced by a resolution of the Board of Directors. No Director or "immediate family member" of the Director should provide personal services for compensation to DCPayments, except with specific Board of Directors authorization evidenced by a resolution of the Board of Directors.
- 1.7 **Director Attendance Records.** Individual attendance of Directors (both of independent directors and non-independent directors) at meetings of the Board of Directors and Committees is important to effective operation of the Board of Directors and can be one measure of integrity of Board of Directors processes. Individual attendance records of Directors may be required to be publicly disclosed pursuant to various securities laws.
- 1.8 **Code of Business Conduct.** Each Director must possess and exhibit the highest degree of integrity, professionalism, and values. All Directors and senior officers are bound by DCPayments' Code of Business Conduct & Ethics and no waiver of the application of that Code to Directors or senior officers is permitted. Directors must never be in a conflict of interest with DCPayments. A Director who has a conflict of interest regarding any particular matter under consideration should advise the Board of Directors, refrain from debate on the matter and abstain from any vote regarding it.

## 2. BOARD OF DIRECTORS MANDATE

- 2.1 **Accountability.** The Board of Directors is accountable to DCPayments' shareholders for the conduct of the business and affairs of the entities within DCPayments. Directors (and officers) have a statutory obligation imposed on them (the exact wording of which varies from jurisdiction to jurisdiction) to act honestly and in good faith with a view to the best interests of the applicable corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Additionally, various other types of legislation impose duties and obligations on corporate directors and officers.
- 2.2 **Roles of Board & Management.** The role of the Board of Directors is to supervise the management of DCPayments (and subsidiary and affiliated entities of DCPayments) by establishing policies and procedures directed at promoting and monitoring good corporate governance and effective corporate management. The role of management is to conduct the day-to-day operations of DCPayments (and subsidiary and affiliated entities of DCPayments).
- 2.3 **Election & Composition.** Members of the Board of Directors will be elected annually by shareholders of DCPayments. The Board of Directors will subsequently elect a Lead Director of the Board from among the Directors who is not the Chief Executive Officer. At all times a majority of the Board of Directors and its committees shall be comprised of directors who are 'independent'.
- 2.4 **Responsibilities.** In order to ensure that the Board fulfils its role and is in a position to be held to account by shareholders, the Board will:
- a) **Board Processes.**
    - i) Establish, monitor and maintain effective corporate governance policies and procedures for both the Board of Directors and management.
    - ii) Establish schedules and agendas providing for regular meetings of the Board of Directors to consider quarterly and annual financial performance, as well as providing for the consideration of matters within the purview of the Board and its committees.
    - iii) Appoint Committees of the Board, delegate powers to them, establish their mandates, appoint their members, and receive their recommendations.
    - iv) Appoint or engage experts as necessary and at the expense of DCPayments.
  - b) **Corporate Goals, Objectives & Management.**
    - i) Establish and maintain a strategic planning process for determining corporate mission, strategic goals and objectives and the appropriate criteria against which to evaluate corporate performance against the mission, goals and objectives.
    - ii) Review, approve and monitor management's operational plans to ensure they are consistent with strategic goals.
    - iii) Establish and monitor appropriate strategic and operational policies and procedures within which management will operate, including the development and monitoring of effective internal controls, financial reporting and management information systems.
    - iv) Establish and monitor annual targets against which to measure corporate and executive performance.
    - v) Implement and evaluate executive compensation and related policies that are linked to corporate performance.
    - vi) Establish and monitor policies and processes for the effective appointment, development, evaluation and succession of senior management in particular and management in general.
    - vii) Approve the entering into, or withdrawing from, lines of business that are or are likely to be material to DCPayments.
    - viii) Approve material acquisitions and divestitures.

- c) **Corporate Risks:**
    - i) Identify, assess and monitor on a regular basis the principal risks of the business of DCPayments.
    - ii) Establish policies and procedures that address those corporate risks in an effective manner - balancing the risks incurred and the return to shareholders.
    - iii) Adopt relevant and reliable internal control and reporting systems to enable the Board of Directors to fulfil its responsibilities (including periodic reporting from management).
  - d) **Financial Issues:**
    - i) Monitor annual capital and operating budgets.
    - ii) Monitor operational and financial results.
    - iii) Approve annual and quarterly financial statements and approve release of such financial statements to shareholders and other third parties.
    - iv) Approve significant disclosure documents including:
      - A. Proxy Statements and Information Circulars for distribution to shareholders;
      - B. Annual Information Forms;
      - C. Prospectuses and Offering Memorandums;
      - D. Management Discussion & Analysis
      - E. Annual Reports & Quarterly Reports
    - v) Determine whether to pay dividends or not (and the amount of dividends).
    - vi) Approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, major bank financings, listing of shares and other securities, issue of commercial paper, and related trust indentures.
    - vii) Approve external auditors for recommendation to shareholders (and fill auditor vacancies in between shareholder meetings) and approve auditor's fees.
  - e) **Effective Communication with Shareholders.** Establish and monitor policies and procedures that promote effective, timely and accurate communication between DCPayments' shareholders, the public, and other interested parties.
  - f) **Code of Business Conduct & Ethics.**
    - i) Adopt a written Code of Business Conduct and Ethics (the "**Ethics Code**"). The Ethics Code should be applicable to directors, officers and employees. The Ethics Code should constitute written standards that are reasonably designed to deter wrongdoing and address the following issues: (A) conflicts of interest; (B) protection and proper use of corporate assets and opportunities; (C) confidentiality of corporate information; (D) fair dealing with security holders, customers, suppliers, competitors and employees; (E) compliance with laws, rules and regulations; and (F) reporting of any illegal or unethical behaviour;
    - ii) Monitor compliance with the Ethics Code;
    - iii) Approve any waivers from the Ethics Code that are granted for the benefit of directors or senior officers; and
    - iv) to the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout DCPayments.
- 2.5 **Individual Member Responsibilities.** In order to ensure that the Board of Directors fulfils its role and is in a position to be held to account by DCPayments' shareholders, each member of the Board of Directors will:
- a) **Best Practices:** Strive to perform the Director's duties in keeping with current and emerging corporate governance best practices for directors of publicly traded entities. The Board may from time to time provide Directors with guidance in this regard, including with respect to best practices relating to the performance of Directors' duties, meeting participation, preparation and attendance, director



independence; committee work; and familiarity with DCPayments' business and business environment. The Board of Directors, including by Board resolution or amendments to this or other mandates, may from time to time formalize any such guidance.

- b) **Continuing Education:** Seek to participate in at least one director education program every 24 months to remain current in, or expand upon, areas relevant to the duties of the Director on the Board of Directors. The frequency of director education should be reviewed from time to time to address changing standards in good corporate governance relating to continuing director education.
  - c) **Change of Employment Notification:** Promptly notify the Board of Directors of any change in the Director's employer or employment status to ensure that the impact on the Director, and the Director's ability to fulfil the Director's role, can be evaluated by the Board of Directors.
- 2.6 **Meeting Procedures.** The agenda for each Board of Directors meeting shall be established by the CEO and the Lead Director of the Board of Directors, taking into account suggestions from other members of the Board of Directors. Meeting materials and information shall be distributed in advance of each meeting so as to provide adequate time for review. The Board of Directors has a policy of holding at least one meeting each year at a DCPayments facility. Site visits by the Board of Directors and meetings with senior management of the facility are incorporated into the itinerary.

Directors are expected to attend all meetings of the Board of Directors and the Committees upon which they serve, to come to such meetings fully prepared, and to remain in attendance for the duration of the meeting. Where a Director's absence from a meeting is unavoidable, the Director should, as soon as practicable after the meeting, contact the Lead Director of the Board of Directors, the CEO, or the Corporate Secretary for a briefing on the substantive elements of the meeting.

- 2.7 **Access to Management.** All Directors have unfettered access to management of DCPayments (and subsidiary and affiliated entities of DCPayments). In addition, DCPayments personnel who can make a substantive contribution to matters under consideration at a meeting of the Board of Directors will be invited to attend.
- 2.8 **Access to Outside Advisors.** The Board of Directors and its Committees have the right at any time to retain independent outside legal, financial or other advisors. Individual Directors may engage outside advisors, at DCPayments' expense, upon authorization of the Compensation, Nominating and Corporate Governance Committee.
- 2.9 **Communication From and With Shareholders.** Any security holder may contact the Board of Directors by email or by writing to the Board of Directors c/o the Corporate Secretary. Matters relating to the accounting, internal accounting controls or auditing matters of DCPayments will be referred to the Audit Committee. Other matters will be referred to the Lead Director of the Board of Directors.

To further facilitate communication between DCPayments' shareholders and the Board of Directors, all Directors standing for re-election and all new Director nominees are expected to attend the Annual Meeting of shareholders.

**3. LEAD DIRECTOR, COMMITTEE CHAIRMEN, CEO & OTHER POSITION DESCRIPTIONS,**

**3.1 Lead Director of Board of Directors.**

- a) **Accountability & Role:** The Lead Director of the Board of Directors is accountable to the Board of Directors for the fulfilment of the responsibilities of the office of Lead Director and will lead the Board in establishing effective corporate governance processes and practices.
- b) **Responsibilities:** The responsibilities of the Lead Director of the Board of Directors will include the following:
- i) Assume principal responsibility for the operation and functioning of the Board of Directors.
  - ii) Provide overall leadership to the Board of Directors for the effective functioning of the Board of Directors and without limiting the ability of the Board of Directors to function as a unit.
  - iii) Fulfil Board of Directors leadership responsibilities in such a manner that will ensure that the Board of Directors is able to function independently of management.
  - iv) Calling meetings of the Board of Directors as a whole.
  - v) Work with the Board of Directors, the CEO, and the Secretary to set Board of Directors agendas and Board of Directors calendars that are based on the responsibilities of the Board of Directors and reflect current priorities.
  - vi) Act as chair of Board of Directors meetings effectively, including ensuring that appropriate briefing materials are delivered in a timely fashion, encouraging full participation and discussion by individual Directors, stimulating debate, facilitating consensus, and ensuring that clarity regarding decisions is reached and duly recorded.
  - vii) Oversee compliance with the governance policies of the Board of Directors regarding conduct of board meetings, managing and reporting information and other policies related to the conduct of the Board of Directors' business.
  - viii) Take a leadership role in maintaining effective communication and relationships between DCPayments, shareholders, stakeholders and the general public.
  - ix) Act as an effective liaison between the Board of Directors and management.
  - x) Assist the Compensation, Nominating and Corporate Governance Committee in monitoring and evaluating the performance of the CEO.
  - xi) Lead the Board of Directors in ensuring succession plans are in place at the senior management level.
  - xii) Such other activities as the Lead Director of the Board of Directors may agree to undertake, at the request of the CEO or the Board of Directors.

The foregoing list of duties is not exhaustive, and the Lead Director of the Board of Directors may, in addition, perform such other functions as may be necessary or appropriate in the circumstances. The Lead Director of the Board shall have the power to delegate the Lead Director's authority and duties to another member of the Board of Directors as the Lead Director considers appropriate.

**3.2 Chief Executive Officer.**

- a) **Accountability & Role:** The Chief Executive Officer is accountable to the Board of Directors for achieving corporate objectives established by the Board of Directors. The CEO will have the authority to manage and supervise the business of DCPayments, including making of all decisions regarding the operations of DCPayments that are not specifically reserved to the Board of Directors by law, this mandate or under the terms of any delegation of authority from the Board of Directors.
- b) **Responsibilities:** The responsibilities of the Chief Executive Officer will include the following:
- i) Develop and recommend corporate strategies, and business and financial plans for the approval of the Board of Directors.

- ii) Manage the operations of the business in accordance with the strategic direction and operational policies as determined by the Board of Directors.
- iii) Report management information back to the Board of Directors in a timely manner so that the Board of Directors may effectively monitor and evaluate corporate performance against stated objectives and within executive limitations.
- iv) Ensure that the Board of Directors is aware of relevant business trends, anticipated adverse media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board of Directors decision or approval has previously been made.
- v) Advise the Board of Directors if, in the Chief Executive Officer's opinion, the Board of Directors is not in compliance with its own policies, or legal or regulatory requirements.
- vi) Provide the Board of Directors with information, both internal and external, that the Board of Directors may require in order to make fully-informed decisions regarding the operation of the business.
- vii) Report in a timely manner an actual or anticipated non-compliance with any Board of Directors approved policy or decision.

The foregoing list of duties is not exhaustive, and the Chief Executive Officer may, in addition, perform such other functions as may be necessary or appropriate in the circumstances. The Chief Executive Officer shall have the power to delegate the Chief Executive Officer's authority and duties to another officer or employee of DCPayments as the Chief Executive Officer considers appropriate.

**3.3 Chief Financial Officer.** The Chief Financial Officer of DCPayments will be responsible for the timeliness and integrity of the financial reporting and information presented to the Board of Directors. The Chief Financial Officer will also be responsible for acting as the chief advisor to the Audit Committee of the Board of Directors. In addition to reporting relationships within the structure of the DirectCash Group, the Chief Financial Officer will report to the Board of Directors on a regular basis on matters within the Chief Financial Officer's purview.

**3.4 Chief Technical Officer.** The Chief Technical Officer of DCPayments will be responsible for the conduct and integrity of the computer, software, and information management systems of DirectCash Group. In addition to reporting relationships within the information systems structure of DirectCash Group, the Chief Technical Officer will report to the Board of Directors on a regular basis on matters within the Chief Technical Officer's purview.

**3.5 The Secretary.** The Secretary of DCPayments will be responsible for the timeliness of all notices to be delivered to shareholders, recording of minutes of meetings of shareholders, the Board of Directors and, if so requested, committees of the Board of Directors, and will be the custodian of all corporate records of DCPayments. The Secretary will assist the Lead Director of the Board and each chairman of the Board of Director's committees in ensuring compliance with DCPayments' corporate governance policies and ensuring the efficient administration and operation of the Board of Directors and its committees.

**3.6 Chairmen of Committees.**

- a) **Appointment:** The Chairman of each committee is appointed annually by the Board of Directors upon recommendations of the Lead Director of the Board in consultation with the Compensation, Nominating and Corporate Governance Committee. The Chairman of a committee must always be an "independent" director.
- b) **Accountability & Role:** The Chairman of a Committee is accountable to the

Board of Directors for the fulfilment of the responsibilities of the office of Chairman of the Committee and will lead the relevant Committee in establishing effective corporate governance processes and practices.

- c) **Responsibilities:** The responsibilities of each Committee Chairman will include the following:
- i) Provide leadership to enable the Committee to act as an effective team in carrying out its responsibilities.
  - ii) Work in conjunction with the Lead Director of the Board to oversee compliance with the governance policies of the Board of Directors that are applicable to Committees.
  - iii) Provide advice to the Lead Director of the Board of Directors regarding the composition of the Committee so that the Committee is composed of Directors with the skill, experience and/or necessary training relative to the Committee's responsibilities.
  - iv) Ensure that the responsibilities of the Committee are well understood by both the members of the Committee and management and the boundaries between the Board of Directors, the Committee and management are clearly understood and respected.
  - v) Lead the Committee in an annual review of the Committee's performance in consultation with the Compensation, Nominating and Corporate Governance Committee.
  - vi) Manage the affairs of the Committee, including ensuring that the Committee is organized properly, functions effectively, and meets as often as required to carry out the Committee's responsibilities.
  - vii) In consultation with management and the Corporate Secretary, determine the time and locations of meetings of the Committee.
  - viii) Review and approve Committee agendas, materials and any information sent to the Directors on the Committee and Committee calendars.
  - ix) Work closely with management and the Corporate Secretary to ensure Directors on the Committee receive all information they require in a timely fashion.
  - x) Act as chairman of all Committee meetings.
  - xi) Ensure that the Directors on the Committee have an opportunity to meeting separately without management present.
  - xii) Report to the Board of Directors at the Board of Directors' next meeting following any meeting of the Committee or the signing of a written resolution evidencing a decision or recommendation of the Committee, communicating with all Directors on the Committee to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Committee.

The foregoing list of duties is not exhaustive, and the Chairman of any Committee may, in addition, perform such other functions as may be necessary or appropriate in the circumstances. The Chairman of the Committee shall have the power to delegate the Chairman's authority and duties to another member of the Committee as the Chairman considers appropriate.

#### 4. **ORIENTATION & CONTINUING EDUCATION**

- 4.1 **New Director Orientation.** A thorough understanding of DCPayments' industry, business and corporate governance practices is required to enable a Director to make a substantial contribution to the Board of Directors. Accordingly, all new directors shall participate in an orientation program developed by DCPayments after their election or appointment to the Board of Directors which should be conducted within one month of Director's election or appointment. The orientation should be delivered over a period of time to minimize the likelihood of information overload and maximize the lasting educational impact. This orientation will include presentations by senior management to familiarize new directors with DCPayments' industry, business, strategic plans,

significant financial, accounting and risk management issues, financial statements, corporate governance practices, compliance programs and DCPayments' other key policies and practices. The orientation should provide each Director with a baseline knowledge about DCPayments which will serve as a basis for informed decision making. The orientation should be tailored for each new Director to take into account the Director's unique mix of skills, experience, education knowledge and needs. The orientation program should be tailored to the needs of each new Director, and may consist of a combination of written materials, one-on-one meetings with senior management, site visits and other briefings and training as appropriate. As part of the orientation new Directors should be provided with (at a minimum) copies of the following materials:

- a) these Governance Principles & Guidelines;
- b) all other Corporate policy statements of potential application to the Board of Directors;
- c) all charter and policy documents for each of the Committees of the Board of Directors;
- d) the constating documents of DCPayments (and each significant subsidiary and affiliated entity of DCPayments);
- e) all directors/committee minutes/resolutions for the 12 month period prior to the Directors election/appointment (as well as copies of any materials distributed to Directors in connection with those meetings);
- f) a publicly filed disclosure documents for the 12 month period prior to the Director's election/appointment;
- g) names and contact information for the officers of DCPayments (and subsidiary and affiliated entities of DCPayments), the external auditors of DCPayments, and legal counsel for DCPayments;
- h) lists of significant dates/deadlines for the next year (i.e. annual and quarterly filing dates, proposed shareholder meeting dates, proposed regular director meeting dates and Committee meeting dates).

New Directors should also be given access to and encouraged to tour the major office locations and operational locations of DCPayments within a reasonable time after their election/appointment.

**4.2 Director Continuing Education.** The Board of Directors believes that each Director should participate in continuing education from time to time to enable each Director to better perform the Director's duties and to recognize and deal appropriately with issues that arise. Continuing Education is not the sole responsibility of DCPayments - each Director needs to take personal responsibility for their own continuing education. Continuing education may be required:

- (a) for developments in the business environments in which DCPayments is a competitor;
- (b) for new business opportunities that may be relevant to the current business or capabilities of DCPayments;
- (c) for familiarization with new businesses acquired or established by DCPayments;
- (d) for changes in corporate governance rules or best practices;
- (e) for changes in securities laws, stock exchange rules, corporate laws, accounting rules or other regulatory changes in areas that fall within Board of Directors responsibility.

Management of DCPayments should provide information to the Directors on these issues in management's reports to the Board of Directors. To facilitate ongoing education DCPayments will:

- (a) each year encourage the attendance of each Director at one seminar or conference of interest and relevance (and the attendance of each Committee Chairman at one additional seminar or conference). In all cases, approval for attendance shall be

obtained, in advance, from the Lead Director of the Board of Directors;

- (b) at least annually, schedule a site visit in conjunction with a Board of Directors meeting.

In addition, Directors are encouraged to attend educational presentations as may be offered by DCPayments from time to time with regard to corporate governance of public issuers. Any existing Director may also participate in orientation sessions for new Directors. Finally, the Board of Directors will consider ad hoc requests of individual Directors for DCPayments for:

- (a) purchase of books and other written materials potentially useful to Directors as resource materials,
- (b) presentations to the Board of Directors or Board Committees by outside experts on matters of particular import or emerging significance,
- (c) preparation of specialized reports to be prepared by outside consultants, and
- (d) sending of Directors to professional development seminars.

## 5. ETHICAL BUSINESS CONDUCT

5.1 **Ethics Code of Conduct.** DCPayments reputation and credibility is based upon DCPayments' total commitment to ethical business practices. To safeguard DCPayments' reputation, the Board of Directors, the officers and all of the employees of DCPayments must conduct themselves in accordance with the highest ethical standards and also be perceived to be acting ethically at all times. The Board of Directors has adopted a separate formal Code of Business Conduct & Ethics (the "**Code of Ethics**"), which is available upon written request to the Corporate Secretary.

Several key business principles have been integrated into the Code of Ethics to illustrate DCPayments' expectations for individual director, officer & employee conduct including:

- (a) acting with honesty and integrity and being open in dealings with customers, employees, shareholders, and others with whom DCPayments does business;
- (b) treating others with fairness, dignity, and respect to create and protect a trusting environment free from harassment and discrimination; and
- (c) striving for excellence and professionalism, taking pride in what each person does individually and as part of a team.

It is the Board of Director's intent that all business be conducted in accordance with the Code of Ethics and that no director, officer or employee will ever be expected to achieve business performance at the expense of violating any aspect of the Code of Ethics. Each director, officer and employee of DCPayments has the right and the responsibility to report suspected violations of the Code of Ethics. Directors, officers and employees making such reports in good faith will have the full support of the Board of Directors.

5.2 **Director/Officer Interests in Agreements or Transactions.** In the case where DCPayments enters or proposes to enter into a contract or business relationship with a person with which a Director or officer is associated as a principal, director, officer, partner or significant shareholder, the following guidelines will apply:

- a) DCPayments will consider:
  - i) whether the relationship would cause the Director to lose the Director's status as an "independent" Director;
  - ii) whether the relationship would prevent the Director from serving on any particular Board of Directors Committee;
  - iii) whether the relationship was already in existence prior to the Director joining the Board of Directors; and

- iv) who initiated the relationship and whether the relationship is beneficial to DCPayments (including subsidiary and affiliated entities of DCPayments) ;
- b) any proposed new relationship must be brought to the attention of the Lead Director of the Board of Directors in advance and, where such relationship is not one covered by a specific criteria of "independence" described above, shall be subject to the determination of the Compensation, Nominating and Corporate Governance Committee as to its materiality and the consequent effect on the independence of the Director;
- c) any requirements of corporate law requiring delivery of a written notice of the conflict to DCPayments should be complied with by the Director or officer;
- d) the relationship will be disclosed in DCPayments' public disclosure documents in accordance with applicable regulations and DCPayments' policy.

**6. SELECTION & NOMINATION OF DIRECTORS  
COMPOSITION OF THE BOARD OF DIRECTORS**

**6.1 Director Selection & Nomination Process.** All Directors are elected each year by the shareholders of DCPayments. Nomination and election of the members of the Board of Directors is a matter determined by the shareholders of DCPayments at Annual Meetings (subject to limited circumstances where the Board of Directors itself may add a limited number of directors or may fill vacancies between annual shareholder meetings). However, recognizing that the importance of the yearly solicitation of proxies for management's proposed slate of directors (in connection with the mailing of Annual Meeting materials) and that the election of directors is often a fait accompli after mailing of management's solicitation for proxies, the role of management/the Board of Directors in selecting the Board of Directors cannot be ignored. Therefore the Board of Directors has constituted a Compensation, Nominating and Corporate Governance Committee whose responsibilities include recruiting and proposing to the full Board of Directors new nominees for Directors. Nominees for directors are initially considered and recommended by the Compensation, Nominating and Corporate Governance Committee, approved by the entire Board of Directors and then proposed by management to shareholders in the proxy solicitation materials. In between shareholder meetings, the Board of Directors may also fill vacancies and add directors (where permitted by DCPayments' articles) without need of shareholder or shareholder vote.

The following general criteria for individual Directors should be considered by the Compensation, Nominating and Corporate Governance Committee:

- (a) at least ¼ of the Board of Directors members must be resident Canadians;
- (b) each member of the Board of Directors should have education or business experience in one or more fields relevant to DCPayments' business;
- (c) no member should be a director, officer or large shareholder of any competitor of DCPayments;
- (d) whether or not a majority of directors are "independent", an attempt should be made to nominate a number of directors who do not have a relationship with DCPayments, any significant shareholder of DCPayments, or the officers or promoters of DCPayments. The number of such directors should reflect the investment of the minority shareholders and the needs for independent directors to fill the requirements for Committees.

The Compensation, Nominating and Corporate Governance Committee, in the discharge of the Committee's duties:

- (a) in consultation with the Board of Directors and CEO and, on an ongoing basis, identifies the mix of expertise and qualities required for the Board of Directors;

- (b) assesses the attributes new Directors should have for the appropriate mix to be maintained;
- (c) in consultation with the Board of Directors and CEO and, on an ongoing basis, maintains a database of potential candidates;
- (d) has implemented a procedure to identify, with as much advance notice as practicable, impending Board of Directors vacancies, so as to allow sufficient time for recruitment and for introduction of proposed nominees to the existing Board of Directors;
- (e) develops a "short-list" of candidates and arranges for each candidate to meet with the Compensation, Nominating and Corporate Governance Committee, the Lead Director of the Board of Directors and the CEO;
- (f) recommends to the Board of Directors as a whole proposed nominee(s) and arranges for their introduction to as many Board of Directors members as practicable;
- (g) ensures that prospective candidates are informed of the degree of energy and commitment DCPayments expects of DCPayments' Directors;
- (h) encourages diversity in the composition of the Board of Directors;

In addition to the slate of nominees proposed by the Board of Directors, shareholders may propose individuals to be nominated for election as Directors. The procedure for making such proposals is outlined in the annual proxy circular and in DCPayments' incorporation statute. Shareholders may also at any time suggest nominees for election to the Board of Directors by submitting the names and supporting information regarding such nominees to the Secretary.

## 7. COMPENSATION

- 7.1 **Shareholdings and Long Term Incentive Plan.** The Board of Directors believes that the economic interests of Directors should be aligned with those of shareholders. To achieve this, all Directors are expected to hold Common Shares and/or Long Term Incentive Plan ("**LTIP**") entitlements in DCPayments.

## 8. COMMITTEES

- 8.1 **Committees of the Board.** The Board of Directors has established the following committees:
- (a) Audit Committee
  - (b) Compensation, Nominating and Corporate Governance Committee

Each Committee has a charter (i.e. terms of reference) approved by the Board of Directors that clearly establishes each Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations, manner of reporting to the Board of Directors and authority to engage and compensate any outside advisor deemed necessary by the Committee to carry out the Committee's duties.

Additionally, the Board of Directors as a whole may from time to time establish other temporary or standing committees for the purposes of assisting the Board of Directors to fulfil the Board of Directors' responsibilities.

- 8.2 **Committee Membership Restrictions.** Committee members and Committee Chairs are appointed annually by the Board of Directors. The Audit and Compensation, Nominating and Corporate Governance Committee are required to be comprised entirely of "independent" Directors. Members of the Audit Committee must not and do not directly or indirectly receive any consulting, advisory or other compensatory fee from DCPayments other than their Director's compensation.



8.3 **Committee Meetings.** Each Committee meets regularly throughout the year. It is the general intent of the Board of Directors that all substantial matters not in the ordinary course of business be brought to the full Board of Directors for action. Minutes of all Committee meetings are kept, circulated to all Committee members, and available to any Director. Committee Chairmen report at each Board of Directors meeting on any meetings or activity of the Committee since the most recent meeting of the Board of Directors.

## 9. PERFORMANCE ASSESSMENT

9.1 **Performance Assessment by Committee.** The Compensation, Nominating and Corporate Governance Committee is responsible for assessing at least annually the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors, and the contribution of individual directors. The Compensation, Nominating and Corporate Governance Committee reports the results of these assessments to the Board.

9.2 **Committee Periodic Reviews.** As part of its mandate, the Compensation, Nominating and Corporate Governance Committee periodically reviews the adequacy and form of compensation of directors and makes appropriate recommendations to the Board of Directors. In making its recommendations, the Compensation, Nominating and Corporate Governance Committee takes into account the level and form of compensation necessary to attract directors of the calibre and experience required to effectively oversee an organization of DCPayments' current size, complexity and market scope.

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