

Management Information Circular

CLARKE INC.

May 16, 2014



CLARKE INC.

NOTICE OF ANNUAL GENERAL MEETING

TO BE HELD ON THE 12th DAY OF JUNE, 2014

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of the shareholders of Clarke Inc. (the "Company" or "Clarke") will be held at the offices of Bennett Jones LLP located at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4 on June 12, 2014 at 8:30 a.m. EST to:

1. receive the consolidated financial statements of the Company for the year ended December 31, 2013 and the auditors' report thereon;
2. elect the directors of the Company;
3. appoint the auditors of the Company; and
4. transact such further or other business as may properly come before the Meeting or any adjournments thereof.

Shareholders who are unable to be present personally at the Meeting are requested to sign and return, in the envelope provided for that purpose, the form of proxy accompanying this notice. Only holders of common shares of record at the close of business on May 8, 2014 will be entitled to attend the Meeting and to vote in person or by proxy, except to the extent that (a) the shareholder has transferred the ownership of such shares after such date and (b) the transferee of such shares produces a properly endorsed share certificate or otherwise establishes that he owns such shares and demands no later than 48 hours before the Meeting that his name be included in the list of shareholders entitled to vote at the Meeting.

Dated at Halifax, Nova Scotia this 16th day of May, 2014.

By Order of the Board

(Signed): "George Armoyan"

George Armoyan
President and Chief Executive Officer

CLARKE INC.

MANAGEMENT INFORMATION CIRCULAR

MANAGEMENT SOLICITATION

The information contained in this Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Clarke Inc. (the "Company" or "Clarke") for use at the Annual General Meeting of shareholders of the Company (the "Meeting") to be held at the offices of Bennett Jones LLP located at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4 on June 12, 2014 at 8:30 a.m. EST for the purposes set out in the enclosed Notice of Meeting. This solicitation of proxies may be carried out by mail, telephone or personally by officers, employees or representatives of the Company. The cost of solicitation will be borne by the Company.

Information in this Circular is given as at May 16, 2014 unless otherwise specified.

APPOINTMENT AND REVOCATION OF PROXIES

THE ENCLOSED PROXY IS SOLICITED BY THE MANAGEMENT OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM, OTHER THAN THE PERSON NAMED IN THE PROXY, BY INSERTING THE NAME OF SUCH PERSON IN THE SPACE INDICATED IN THE PROXY.

A proxy may be revoked by the shareholder giving such proxy at any time before it is voted by an instrument in writing executed by the shareholder or by his duly authorized attorney, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney duly authorized, and in any such case, deposited either at the head office of the Company up to and including the last business day preceding the Meeting, or with the Chairman of the Meeting on the day of the Meeting or adjournment thereof or in any other manner permitted by law.

VOTING OF PROXIES

The shares represented by proxies in favour of management nominees will be voted at the Meeting, except on those matters for which they have been directed to refrain from voting. Where any matter listed on the form of proxy indicates a choice of action, the shares will be voted in accordance with the choice specified by the shareholder.

IN RESPECT OF PROXIES IN WHICH SHAREHOLDERS HAVE NOT SPECIFIED THE MANNER IN WHICH VOTES ARE TO BE CAST, THE SHARES REPRESENTED BY SUCH PROXIES WILL BE VOTED IN FAVOUR OF ALL SUCH MATTERS SPECIFIED THEREIN.

The form of proxy also confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice of Meeting and other matters which may properly come before the Meeting. Management knows of no matters to come before the Meeting other than those identified in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the shares represented by proxies in favour of management's nominees will be voted on such matters in the discretion of the proxy nominee, unless prohibited by law or regulation.

Notice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to those many shareholders who do not hold common shares in their own name (referred to in this document as "Beneficial Shareholders"). Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of the common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker or other intermediary, then in almost all cases those common shares will not be registered in the shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the shareholders' broker or their agent. In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker or their nominee is prohibited from voting common shares for their clients. The Company does not know for whose benefit the common shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires brokers or other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is similar to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (e.g. the broker or its nominee) how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions ("Broadridge"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted.

Since the Company does not have access to the names of its Beneficial Shareholders, if a Beneficial Shareholder attends the Meeting, the Company will have no record of their shareholdings or of their entitlement to vote, unless the broker or other intermediary has appointed such Beneficial Shareholder as proxy holder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting should follow the instructions provided on the voting instruction form sent to him or her by the broker or other intermediary, which typically are to insert their own name in the space provided on the voting instruction form sent to them by the broker or other intermediary. By doing so, the broker or other intermediary is instructed to appoint the Beneficial Shareholder as proxyholder. Then the Beneficial Shareholder should follow the signing and return instructions provided by their broker or other intermediary.

The Company is not using "notice-and-access" to send its proxy-related materials to its shareholders, and paper copies of such materials will be sent to all shareholders. The Company will send proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of Broadridge. The Company intends to pay for the broker or other intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 "Request for Voting Instructions Made by Intermediary" of National Instrument 54-101.

If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The only voting shares of the Company are its common shares. On May 16, 2014, there were 20,082,091 issued and outstanding common shares. Each common share carries the right to one vote.

Only shareholders who are the registered holders of common shares in the Company record maintained by Computershare Investor Services Inc., Halifax, Nova Scotia at the close of business on May 8, 2014 will be entitled to attend and to vote at the Meeting except to the extent that (a) the shareholder has transferred the ownership of such shares after such date; and (b) the transferee of such shares produces a properly endorsed share certificate or otherwise establishes that he owns such shares and demands not later than 48 hours before the Meeting that his name be included in the list of shareholders entitled to vote at the Meeting.

Other than as described below, to the knowledge of the directors and officers of the Company, no person beneficially owns or exercises control or direction over shares carrying more than 10% of the voting rights attached to all issued and outstanding shares of the Company on a fully diluted basis.

George Armoyan ⁽¹⁾	8,080,157 (40.2%)
Carl Potter ⁽²⁾	2,096,700 (10.4%)
Letko, Brosseau & Associates Inc. ⁽³⁾	2,030,205 (10.1%)

- (1) Mr. Armoyan owns 77,665 common shares directly and has control or direction over 6,081,359 common shares through Geosam Investments Limited ("Geosam"), Geosam Capital Inc. ("Geosam Capital") and a registered education savings plan. In addition, Scotia Learning Centres Incorporated, a company controlled by an immediate family member of Mr. Armoyan, owns 1,921,133 common shares. Per SEDI filings as at May 16, 2014.
- (2) Mr. Potter owns 9,000 common shares directly and has control or direction over 2,087,700 common shares through 3223599 Nova Scotia Limited and 500 Ventures Limited. Per SEDI filings at May 16, 2014.
- (3) Per notice from Letko, Brosseau & Associates Inc. on May 13, 2014.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Consolidated Financial Statements and Auditors' Report

The audited consolidated financial statements of the Company for the year ended December 31, 2013 and the auditors' report thereon will be received at the Meeting. The financial statements and the auditors' report can be obtained from Clarke's website at www.clarkeinc.com and they have been reported online on SEDAR at www.sedar.com.

2. Election of Directors

Each of the persons whose names appear hereunder is proposed to be elected as a director of the Company to serve until the next annual general meeting of shareholders or until his successor is elected or appointed. **IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT'S NOMINEES, EXCEPT THOSE DIRECTED TO BE WITHHELD, WILL BE VOTED IN FAVOUR OF THE ELECTION OF SUCH PERSONS AS DIRECTORS OF THE COMPANY.**

Name	Office and Principal Occupation	Served as a Director Since	Shares Beneficially Owned, Controlled or Directed
George Armoyan Halifax, Nova Scotia, Canada	President of Geosam Capital Inc. and President and Chief Executive Officer of Clarke Inc.	N/A ⁽²⁾	8,080,157 common shares ⁽³⁾
Blair Cook ⁽¹⁾ Halifax, Nova Scotia, Canada	Financial Consultant; Former Vice President Instructional Design and Education Delivery, Smartfirm Interactive Learning (Smartfirm Inc.); CFO, Clarke Inc. (2008-2009)	May 15, 2012	NIL
Brian Luborsky Toronto, Ontario, Canada	Chairman and Chief Executive Officer, Beauty Express Canada Inc.	N/A	211,608 common shares
Charles Pellerin Victoriaville, Quebec, Canada	President, Pellerin Potvin Gagnon S.E.N.C.R.L.	May 14, 2010	185,000 common shares ⁽⁴⁾
Michael Rapps Toronto, Ontario, Canada	Managing Director, Geosam Capital; Former lawyer, Davies Ward Phillips & Vineberg LLP	May 15, 2012	37,100 common shares ⁽⁵⁾

(1) Member of the Audit Committee. Mr. Cook is the Chairman of the Audit Committee.

(2) Mr. Armoyan was previously a director of Clarke from December, 2001 to January, 2010.

(3) Mr. Armoyan owns 77,665 common shares directly and has control or direction over 6,081,359 common shares through Geosam, Geosam Capital and a registered education savings plan. In addition, Scotia Learning Centres Incorporated, a company controlled by an immediate family member of Mr. Armoyan, owns 1,921,133 common shares. Per SEDI filings as at May 16, 2014.

(4) Mr. Pellerin owns 30,000 options to purchase common shares.

(5) Mr. Rapps is Managing Director of Geosam Capital, which also owns 13,800 common shares.

To the knowledge of the Company, except as disclosed below, none of the proposed directors:

- (a) is or was within the last 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, including Clarke, that,
 - (i) was subject to a cease trade order or similar order, or an order that denied the issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days, while that person was acting in that capacity;
 - (ii) was subject to a cease trade order or similar order or an order that denied the issuer access to an exemption under securities legislation, for a period of more than 30 consecutive days, after that person ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is or was within the last 10 years before the date of this Circular, a director or executive officer of any company, including Clarke, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follow:
 - (i) Mr. Armoyan, President and Chief Executive Officer of the Company and a proposed director, served as a member of the board of directors for HIP Interactive Corp. ("HIP") during the period of May 27, 2005 to June 28, 2005. On July 11, 2005, the Ontario Superior Court of Justice appointed an interim receiver for HIP under the federal Bankruptcy and Insolvency Act. Mr. Armoyan also served as a member of the board of directors of Shermag Inc. ("Shermag"), which on May 5, 2008 announced that it had obtained protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") in the Québec Superior Court. Shermag emerged from CCAA protection in October 2009;
 - (ii) Brian Luborsky, a proposed director, was an officer and director of Trade Secret Inc. and its subsidiaries, and Pure Beauty Salons & Boutiques Inc., both of which were Delaware corporations with operations in the United States, when they filed a petition for bankruptcy under chapter 11 of title 11, United States Code ("Chapter 11") in the United States Bankruptcy Court for the District of Delaware in July of 2010 and October of 2011 respectively. A final decree was issued in January of 2011 closing the Chapter 11 case of Trade Secret Inc. and Pure Beauty Salons & Boutiques Inc. Mr. Luborsky's family members were the indirect owners of 100% of the common stock of both entities;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) 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
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

3. Appointment of Auditors

Deloitte LLP was appointed by the board of directors of the Company (the "Board") as auditors of the Company on April 10, 2012. Management proposes that the shareholders ratify, confirm and approve the appointment of the current auditors of the Company, Deloitte LLP, as the auditors of the Company until the next annual general meeting of the shareholders of the Company, or until a successor is otherwise appointed prior thereto, and to authorize the Board to fix the auditor's remuneration. **IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT'S NOMINEES, EXCEPT THOSE DIRECTED TO BE WITHHELD, WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF THE FIRM OF DELOITTE LLP AS AUDITORS OF THE COMPANY.**

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest of any director, senior officer or nominee for director of the Company, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted on at the Meeting except as disclosed in this Circular.

CORPORATE GOVERNANCE DISCLOSURE

1. Board of Directors

- (a) The following proposed members of the Board have been determined by the Board to be independent: Messrs. Cook, Luborsky and Pellerin.
- (b) Mr. Armoyan, if elected, will be a non-independent member of the Board as he is the President and Chief Executive Officer of the Company. Mr. Rapps, if elected, will also be a non-independent member of the Board as he is the Managing Director of Geosam Capital, a corporation under the control and direction of Mr. Armoyan.
- (c) A majority of the proposed members of the Board (3 of 5) are independent.
- (d) The following table lists the reporting issuers (or equivalent), other than the Company, for which a proposed member of the Board serves as director (or equivalent):

Director	Additional Board Memberships
George Armoyan	Royal Host Inc. TerraVest Capital Inc. Spyglass Resources Corp. Supremex Inc.
Blair Cook	Royal Host Inc. TerraVest Capital Inc.
Brian Luborsky	N/A
Charles Pellerin	Supremex Inc. TerraVest Capital Inc.
Michael Rapps	Holloway Lodging Corp. Supremex Inc. Royal Host Inc.

- (e) The Chairman of the Board shall normally call meetings of the Board. Any committee chairman, the corporate secretary, or any two directors may also call a meeting of the Board.
- (f) Below is a table that summarizes the attendance record of each director for all Board meetings held since January 1, 2013. This list of meetings does not include ad hoc teleconferences with some business completed by consent resolution.

Meeting Date	Attendance Details
March 18, 2013	All members of the Board were in attendance.
May 14/15, 2013	All members of the Board were in attendance.
August 12, 2013	Pat Powell was absent.
November 8, 2013	Pat Powell was absent.
March 6, 2014	All members of the Board were in attendance.

2. Board Mandate

The mandate adopted by the Board (the "Mandate") is appended hereto as "**Exhibit A**".

3. Position Descriptions

- (a) The Board has developed written position descriptions for the Chairman of the Board and the Chairman of the Audit Committee.
- (b) The Board has developed a written position description for the President and Chief Executive Officer.

4. Meetings of Independent Directors

The independent directors are entitled to hold meetings at which management and non-independent directors are not present, as and when deemed necessary, in order to facilitate candid discussion among the independent directors. The independent directors are encouraged to ask questions and to review all relevant matters. In addition, any item that could involve a potential conflict among one or more directors is voted on by those directors that are not related to the conflict in question.

The Company will take steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Company. Where matters arise at meetings of the Board which require decision making and evaluation that is independent of management and interested directors, the Board will hold an "in-camera" session among the independent and disinterested directors, without management present at such meeting.

5. Board Orientation and Continuing Education

- (a) The Company has adopted a Board Orientation and Continuing Education Policy (the "Board Orientation and Continuing Education Policy") that governs the procedures used to orient new Board members. Pursuant to the terms of the Board Orientation and Continuing Education Policy, each new Board member is provided with a copy of the Mandate, and meets telephonically or in person with each of the Chairman of the Board and the Chairman of the Audit Committee to discuss the role of the Board, the Audit Committee and directors. In addition, each new Board member is presented with a package containing all public filings made by the Company during the preceding 24 months, and meets in person to discuss the nature and operation of the Company's business with the President and Chief Executive Officer and the Chief Financial Officer. Each new member is also given the opportunity upon request to retain independent legal counsel, at the Company's expense, to advise him or her with respect to the issues raised by his or her Board membership.
- (b) The Board maintains a continuing education program for directors, pursuant to the Board Orientation and Continuing Education Policy. The Board has tasked management to regularly provide information respecting industry trends, new regulation and other factors of which the directors should be made aware. To this end, management, with the assistance of outside counsel, as appropriate, will deliver reports of industry trends and legal and regulatory developments relevant to the Board. Such reports will be provided annually or more frequently if requested by the Board or considered advisable by management. In addition, each year management will circulate directors' questionnaires, which will be used to gather information that will assist in determining whether existing Board members demonstrate requisite levels of independence and financial literacy. To the extent that any member of the Board requires additional financial education or training to ensure compliance with applicable legal and regulatory standards or relevant best practices, such education or training will be provided by a third party provider. Members of the Board are also permitted to independently arrange additional education or training intended to improve their performance as a member of the Board at the Company's expense, upon approval by the Chairman of the Board.

6. Ethical Business Conduct

- (a) The Board has adopted a written Code of Conduct and Ethics Policy (the "Code") that applies to the directors, officers and employees of the Company. A copy of the Code can be obtained on the Company intranet or by requesting a copy from the Corporate Secretary of the Company. The Code requires reporting of breaches of its terms, and describes how reports can be made on a confidential basis. Each person filing a report or complaint under the Code has the option of submitting information directly to the Chairman of the Board in circumstances where he or she feels it is appropriate to do so. The Board is responsible for reviewing compliance with the Code and noting any issues that have arisen from non-compliance. The Company has never filed a material change report that pertains to a departure from the Code.
- (b) The Company has further implemented a whistleblower policy, where employees and representatives of Clarke (including employees and representatives of the Company's subsidiaries) may report anonymously, if desired, any actual or suspected misconduct. Such reports may be made by letter to either the Chief Financial Officer or the Chairman of the Audit Committee, as appropriate. Any material allegations received by the Chief Financial Officer are reported to the Chairman of the Audit Committee, who then determines the appropriate follow-up action. A copy of the whistleblower policy can be obtained on the Company intranet or by requesting a copy from the Corporate Secretary of the Company.
- (c) The Board takes special precautions to enable directors to exercise independent judgment in considering transactions or agreements in respect of which a director or executive officer has a material interest. The special precautions include: (i) implementing procedures, enshrined in the Code, that require full, true and plain disclosure by directors, officers and employees of all facts and circumstances relating to a transaction or agreement in which any such person has or may have a material interest; (ii) the presentation to the Board of all facts and circumstances relating to each material transaction or agreement in which any director, officer or employee has or may have a material interest; and (iii) the review and approval by the Board of each material transaction or agreement in which any director, officer or employee has or may have a material interest, conducted in each case in the absence of interested persons.

7. Nomination of Directors

- (a) The Board, or as necessary, a sub-committee comprised of independent directors appointed thereby, is responsible for identifying new candidates for nomination to the Board.
- (b) The Board identifies new candidates by taking into account the following considerations: (a) the competencies and skills the Board, as a whole, should possess; (b) the competencies and skills that each existing director possesses and identifies any gaps in knowledge and expertise; (c) the size of the Board and its ability to effectively facilitate decision making; (d) the competencies and skills each new nominee will bring to the Board; and (e) whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.
- (c) The Board may appoint a sub-committee comprised of independent directors, as necessary, to assist the Board in developing criteria for the selection of directors and procedures to identify possible nominees; reviewing and assessing qualifications of Board nominees (including potential conflicts of interest); submitting names of the nominees to be brought forward to the next annual shareholders' meeting or to be appointed to fill vacancies between annual meetings; and determine if any Board member's qualifications, credentials or performance since appointment have changed, or other circumstances arisen, so as to warrant a recommendation that such member resigns.

8. Compensation

- (a) The compensation for the Company's directors and executive officers is reviewed by the Board, or as necessary, a sub-committee comprised of independent directors appointed thereby, on an annual basis.
- (b) The Board approves the annual salary, bonus and other benefits of the President and Chief Executive Officer. The Board also oversees the evaluation and performance of the executive officers other than the President and Chief Executive Officer and, after considering the recommendations of the President and Chief Executive Officer, approves the annual compensation of the other executive officers. The level of executive officer compensation is determined by considering all factors deemed appropriate, including salaries for public companies of comparable size, location and complexity. Annual incentive compensation is determined on a discretionary basis in light of individual and corporate performance. Director compensation is set, and periodically reviewed, by the Board. The level of remuneration is designed to provide a competitive level of remuneration relative to directors of comparable entities and corporations.
- (c) No specific compensation consultant or advisor has been retained to assist in determining compensation for the Company's directors and officers.

Please see "Executive Compensation", below, for particulars regarding the Company's compensation policies and practices.

9. Compensation and Risk

The Company recognizes that executive compensation must incentivize an appropriate level of risk. The Company is responsible for ensuring that compensation policies and practices do not encourage undue risk-taking on the part of executives. To this end, practices are in place to mitigate the risks associated with compensation policies and programs.

The Board has considered the implications of the risks associated with the Company's compensation policies and practices and has not identified any risks arising from such policies and practices that are reasonably likely to have a material adverse effect on the Company. The Board will continue to have oversight in the performance objective-setting process in order to reduce the possibility that performance objectives are adopted in a manner that encourages excessive risk-taking.

10. Other Board Committees

The Company currently has no standing committees other than the Audit Committee.

11. Evaluations

Each member of the Board is provided with an annual self-evaluation form, which involves a review of attendance, preparedness and overall contribution to the direction of the Company, measured against the terms of the Mandate. The Board also evaluates its collective effectiveness on an annual basis. This evaluation includes a review of: (i) its Mandate, to make sure that it properly addresses matters that are or should be within its scope; (ii) whether the Board has complied with the terms of the Mandate, and applicable legal and regulatory requirements; (iii) the adequacy, appropriateness and quality of the direction delivered by the Board to management; (iv) the manner in which issues were discussed or debated by the Board; and (v) whether the number and length of meetings of the Board were adequate for the Board to complete its work in a thorough and thoughtful manner. The Audit Committee evaluates their respective effectiveness on an annual basis. This evaluation involves a review of: (i) its charter, to ensure that it properly addresses matters that are or should be within its scope; (ii) whether the Audit Committee complied with the terms of its charter and applicable legal and regulatory requirements; (iii) the adequacy, appropriateness and quality of the information and recommendations that it presented to the Board; (iv) the manner in which issues were discussed or debated by the Audit Committee; and (v) whether the number

and length of meetings of the Audit Committee were adequate for the Audit Committee to complete its work in a thorough and thoughtful manner.

EXECUTIVE COMPENSATION

The Company's executive compensation program is administered by the Board, or as necessary, a sub-committee comprised of independent directors appointed thereby. The Board has responsibility for the remuneration of the President and Chief Executive Officer and also approves the remuneration of the other executive officers, after considering the recommendations of the President and Chief Executive Officer. The Board evaluates the performance of the Company's executive officers and continually reviews the design and competitiveness of the Company's incentive compensation programs.

1. Compensation Discussion and Analysis

Objectives of the Compensation Program

The Company's compensation philosophy is to pay employees competitive salaries in order to attract highly motivated and talented individuals and to incentivize employees to create value for all shareholders.

The Company did not retain the services of any compensation consultant during 2013.

Elements of the Compensation Program

A named executive officer's ("NEO") compensation is comprised of the base salary and performance-based bonus. Messrs. Armoynan and Cull are also eligible to receive compensation pursuant to a defined benefit plan and a supplementary retirement plan.

Base Salaries

The Company believes that a competitive base salary is a necessary element for attracting and retaining qualified executive officers that have the particular skill sets required by the Company. The amount payable to an NEO as base salary is determined by the NEO's particular experience and qualifications and with reference to market practices at the time (including with reference to companies in a similar industry, of a similar size and complexity and the location of the particular NEO). The President and Chief Executive Officer recommends for approval to the Board base salaries for each executive of Clarke. Base salaries for executives of the Company's subsidiaries are determined by the President (or equivalent position) of such subsidiaries in concert with the Board of such subsidiary.

Performance-Based Bonuses

Performance-based bonuses for each NEO, other than Messrs. Cull and Hornby, are determined on a discretionary basis based on individual and corporate performance. Creating value for shareholders is the primary determinant of annual performance-based compensation. These amounts may vary significantly from year to year. The President and Chief Executive Officer recommends for approval to the Board bonuses for each executive of Clarke. Bonuses for executives of the Company's subsidiaries are determined by the President (or equivalent position) of such subsidiaries in concert with the board of directors of such subsidiary.

Messrs. Cull and Hornby's bonus compensation is determined based on net income before taxes of Clarke Transport Inc. and Clarke Road Transport Inc. (the "Freight Transport Business"). In 2013, the relevant threshold was not achieved and therefore neither NEO received a bonus.

Option-Based Awards

The Company does not have a stock option plan in effect at this time. However, the Company believes that option-based awards are an integral part of an executive's compensation as they incentivize the executive to take actions

that will generate shareholder value and act to retain executives for an extended period of time. Accordingly, the Company intends to reintroduce its stock option plan and issue option awards to certain employees in the coming quarters. This process will be initiated by the President and Chief Executive Officer of the Company and any option grants will be reviewed and approved by the Board.

Defined Benefit Plan

The Company maintains a defined benefit plan, in the form of a group pension plan, for eligible participants (the "Defined Benefit Plan"). The Defined Benefit Plan was closed to new enrollment on September 1, 2003. Messrs. Armoyan and Cull were the only NEOs that remained eligible to receive a pension under the Defined Benefit Plan in 2013. Please see the table under the heading "Defined Benefit Plan and Supplementary Retirement Plan" for particulars of defined benefits available to Messrs. Armoyan and Cull in 2013.

Upon the sale of the Freight Transport Business on January 1, 2014, Mr. Cull stopped accruing benefits under the Defined Benefit Plan and on April 10, 2014, Mr. Cull elected to transfer out the commuted value of his Defined Benefit Plan benefits in a lump sum of \$1,331,820. Clarke has no further obligations relating to Mr. Cull's Defined Benefit Plan.

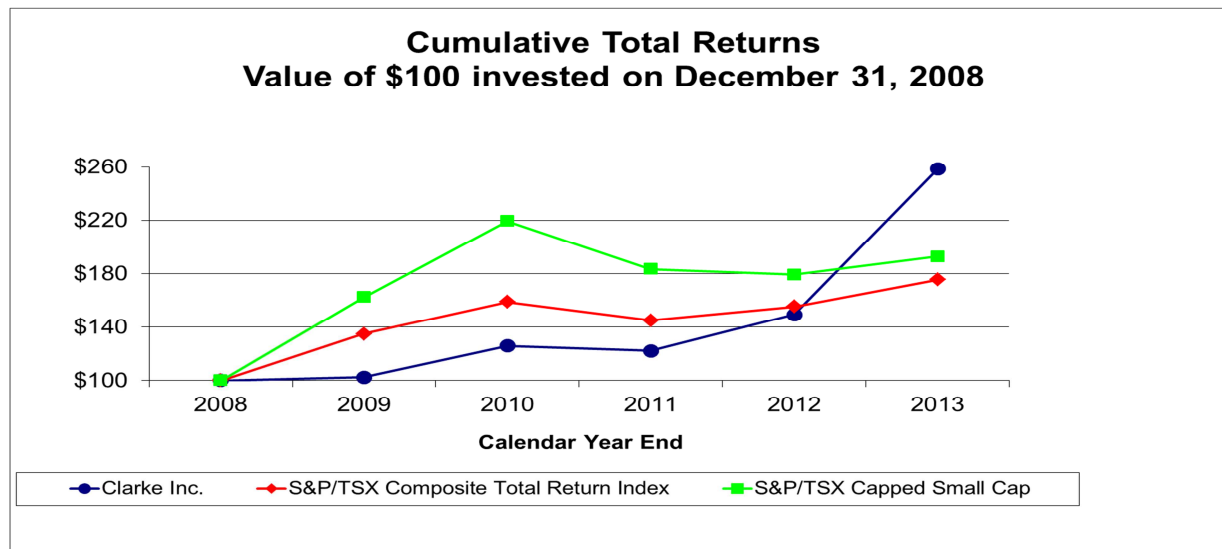
Supplementary Retirement Plan

The Company has provided Messrs. Armoyan and Cull with a supplementary retirement plan (the "Supplementary Retirement Plan"). The Supplementary Retirement Plan was established to provide retirement benefits to select senior executives. The Supplementary Retirement Plan was closed to new enrollment on September 1, 2003. Please see the table under the heading "Defined Benefits Plan and Supplementary Retirement Plan" for particulars of supplementary retirement benefits available to Messrs. Armoyan and Cull in 2013. Upon the sale of the Freight Transport Business on January 1, 2014, Mr. Cull stopped accruing benefits under this plan and on February 28, 2014, Mr. Cull elected to be paid the commuted value of his Supplementary Retirement Plan benefits in a lump sum of \$1,199,021. Clarke has no further obligations relating to Mr. Cull's Supplemental Retirement Plan.

Mr. Armoyan elected to not receive cash compensation for his services as President and Chief Executive Officer in 2012 and 2013. The Board elected to grant to Mr. Armoyan two additional years of credited service in his Supplementary Retirement Plan for each of these years.

Performance Graph

The following line graph compares the yearly change in the value of \$100 invested in the TSX Composite Total Return Index and the Company's common shares for the period January 1, 2009 to December 31, 2013.



Calendar Year Ending	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013
Clarke Inc.	100	102	126	122	150	258
S&P/TSX Composite Total Return Index	100	135	159	145	155	176
S&P/TSX Capped Small Cap Index	100	162	219	183	179	193

In 2009, during a period where capital markets were significantly impacted by the global economic crisis, the Company's share price flattened and fell below the S&P/TSX Composite Total Return Index and the S&P/TSX Capped Small Cap Index. In 2011, the Company's share price declined marginally and substantially less than the S&P/TSX Composite Total Return Index and the S&P/TSX Capped Small Cap Index. In 2012 and especially in 2013, the Company's share price significantly outperformed the S&P/TSX Composite Total Return Index and the S&P/TSX Capped Small Cap Index.

NEO compensation is not based primarily on the performance of the Company's common shares and, as such, NEO compensation may not be directly correlated to the performance of the Company's common shares.

2. Summary Compensation Table

The following table sets forth information concerning the compensation paid to our President and Chief Executive Officer, Chief Financial Officer and the other NEOs of the Company (and its subsidiaries) for the years ended December 31, 2013, December 31, 2012 and December 31, 2011. Under applicable securities laws, the Company is required to disclose the compensation for individuals that may be employed by subsidiaries of the Company (whether such subsidiaries are wholly-owned or only majority-owned). Only Messrs. Armoyan and Snelgrove are actually employed and paid by Clarke and only their compensation is approved by the Board.

Name and Principal Position	Year	Salary (\$)	Option-Based Awards ⁽¹⁾ (\$)	Annual Incentive Plans (\$)	Pension Value (\$)	All Other Compensation ⁽²⁾ (\$)	Total Compensation ⁽³⁾ (\$)
George Armoyan ⁽⁴⁾ President & Chief Executive Officer	2013	-	-	-	968,430	-	968,430
	2012	-	-	-	910,700	-	910,700
	2011	-	-	-	231,700	-	231,700
Andrew Snelgrove ⁽⁵⁾ Chief Financial Officer	2013	130,000	-	75,000	N/A	6,500	211,500
	2012	130,000	-	50,000	N/A	6,500	186,500
	2011	105,000	40,200	21,000	N/A	3,150	169,350
Dean Cull ⁽⁶⁾ Chief Operating Officer – Freight Transportation Services	2013	395,035	-	-	101,810	2,024,000	2,520,845
	2012	395,035	-	166,449	84,600	27,950	674,034
	2011	395,000	-	427,000	64,200	27,950	914,150
Darell Hornby ⁽⁶⁾ President, Clarke Transport Inc.	2013	250,000	-	-	N/A	19,200	269,200
	2012	250,000	-	-	N/A	19,200	269,200
	2011	250,000	-	99,683	N/A	19,200	368,883
Pierre Fournier ⁽⁷⁾ President & Chief Operating Officer – Gestion Jerico Inc.	2013	228,027	-	148,500	N/A	12,451	388,978
	2012	215,000	-	96,754	N/A	12,291	324,045
	2011	210,000	-	-	N/A	10,808	220,808

- (1) Options generally vest at 25% per year and expire 5 years from the date of issuance. Based on the grant date, fair value of the applicable awards is determined by multiplying the number of options granted by their value established according to the Black, Scholes and Merton model. This value is the same as the fair book value established in accordance with generally accepted accounting principles.
- (2) All other compensation for Mr. Snelgrove relates to contributions made by the Company to a group RRSP. All other compensation for Mr. Cull relates to a \$2 million employment termination payment pursuant to the sale of the Freight Transport Business, as well as a discount provided to purchase shares of the Company (which was terminated on December 31, 2012) and an annual car allowance of \$24,000. All other compensation for Mr. Hornby relates to an annual car allowance. All other compensation for Mr. Fournier relates to contributions made by Gestion Jerico Inc. to a group RRSP and an annual car allowance of \$3,729.
- (3) The value of perquisites received by each of the NEOs, including property or other personal benefits provided to the NEOs that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.
- (4) Mr. Armoyan was appointed President and Chief Executive Officer effective March 1, 2012. Mr. Armoyan does not receive an annual salary but does receive pension benefits. On March 6, 2014, the Board approved an amendment to the Supplementary Retirement Plan of Mr. Armoyan which grants him, effective January 1, 2013, two additional years of credited service for each year that he holds the position of Chief Executive Officer or Chairman of the Board after January 1, 2013, provided that certain conditions are met. For more information, please see "Defined Benefit Plan and Supplementary Retirement Plan".
- (5) Mr. Snelgrove was appointed Chief Financial Officer effective January 1, 2012 at an annual salary of \$130,000. Prior to his appointment as Chief Financial Officer, Mr. Snelgrove was the Corporate Controller of the Company.
- (6) Messrs. Cull and Hornby are included in this table because they were employees of the Freight Transport Business. The Freight Transport Business was sold on January 1, 2014.
- (7) Mr. Fournier is included in this table because he was an employee of a majority-owned subsidiary in 2011-2013. This subsidiary was sold on February 15, 2014.

3. Outstanding Option-Based Awards

The following table sets forth for each NEO all option-based awards and share-based awards of the Company outstanding at the end of the year ended December 31, 2013.

Name	Option-based Awards				Share-based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of vested Share-based Awards not Paid Out or Distributed ⁽¹⁾
Andrew Snelgrove	10,000	4.58	May 26, 2016	34,100	-	-

(1) Based on the December 31, 2013 closing price on the TSX of the common shares of \$7.99/common share.

NEOs exercised 10,000 options in 2013. When exercised, the NEO may choose to take ownership of the underlying common shares or to take, in cash, the difference between the market price of the underlying common shares at exercise and the exercise price of the option on the vesting date, subject to applicable tax deductions. Options exercised by NEOs in the most recently completed financial year were settled in cash. There is no formal policy in relation to whether a director or NEO is permitted to purchase financial instruments designed to hedge or offset a decrease in market value of common shares of the Company.

4. Incentive Plan Awards

The following table sets forth for each NEO, the value of non-equity incentive plan compensation earned during the year ended December 31, 2013.

Name	Non-equity incentive plan compensation – Value earned during the year (\$)
George Armoyan	-
Andrew Snelgrove	75,000
Dean Cull	-
Darell Hornby	-
Pierre Fournier	148,500

5. Defined Benefit Plan and Supplementary Retirement Plan

The following table sets forth for Messrs. Armoyan and Cull, the value of pension benefits accrued as at the year ended December 31, 2013.

Name	Years Credited Service (#)	Annual Benefits Payable (\$)		Accrued Present Value of Obligation at Start of year (\$)	Compensatory Change ⁽¹⁾ (\$)	Non-Compensatory Change ⁽²⁾ (\$)	Accrued Present Value of Obligation at Year End (\$)
		Year End	Age 65				
George Armoyan	15.17	263,820	515,383	3,583,019	968,430	(491,936)	4,059,513
Dean Cull	22.14	136,224	136,224	2,017,166	101,810	(93,076)	2,025,900 ⁽³⁾

- (1) The "Compensatory Change" column recognizes the years of service credited plus actual change in pensionable earnings versus that assumed to occur. On March 6, 2014, the Board approved an amendment to the Supplementary Retirement Plan of Mr. Armoyan which grants him, effective January 1, 2013, two additional years of credited service for each year that he holds the position of Chief Executive Officer or Chairman of the Board after January 1, 2013, provided that certain conditions are met. Those conditions were met in 2013 and, as such, Mr. Armoyan was credited with a total of three years of credited service for 2013.
- (2) The "Non-Compensatory Change" column recognizes the items that are not compensatory, including the change in discount rate from 4.00% to 4.80% and the update in the mortality table used in the calculation of the obligation from the UP94 projected generationally with Scale AA to the RPP 2014 mortality table for private companies (CPM-RPP2014) projected generationally with scale CPM-A.
- (3) Following the sale of the Freight Transport Business on January 1, 2014, Mr. Cull stopped accruing benefits in Clarke's Defined Benefit Plan and Supplementary Retirement Plan. In February and April of 2014, Mr. Cull received two lump sum payments equal to the commuted value of benefits accrued under the Supplemental Retirement Plan and the Defined Benefit Plan, respectively. For more information, please see "Termination and Change of Control Payments – Dean Cull".

Messrs. Armoyan and Cull were the only NEOs eligible for the Company's Defined Benefit Plan in 2013. Total retirement benefits are based on 2% of the three highest consecutive years of salary. In the case of Mr. Cull, the maximum amount of compensation under the Supplementary Retirement Plan is \$325,000, including any performance-based bonuses, for each year of credited service. The overall maximum of 66²/₃% of the average compensation applies to each of the participants. The pension payable under the Supplementary Retirement Plan is reduced for amounts received under the Canada Pension Plan after age 65.

Benefits are reduced by 0.25% for each month between the date of early retirement and the date of the participant's 60th birthday or, if earlier, the date at which the participant's age plus his years of service total 80, if the participant is at least 55 years of age.

Retirement benefits are payable for life, with provision for reduced payments to continue to a surviving spouse. Retirement benefits for Mr. Armoyan are indexed annually at a rate of 75% of the increase in the Consumer Price Index less 1% (to a maximum annual increase of 4%).

6. Termination and Change of Control Benefits

George Armoyan

Mr. Armoyan and the Company have entered into an employment agreement. This agreement provides that in the event of the Company terminating his employment, other than for good reason as defined in the employment agreement, he shall be entitled to a severance allowance for an amount equal to the aggregate value of two times his annual salary, plus all payments and entitlements under applicable labour standards legislation.

The estimated amount payable by the Company in the event of the termination of Mr. Armoyan, assuming such termination occurred on December 31, 2013 (the last day of the Company's most recent fiscal year) would consist of an immediate lump sum payment of two times Mr. Armoyan's then current annual base salary, which would amount to nil, and a credit of two additional years of service under each of the Company's Defined Benefit Plan and

Supplementary Retirement Plan. In addition to the foregoing, Mr. Armoyan would have the right to exercise all outstanding options granted to him under the Company's stock option plan (the "Plan") on the date that is the sooner of two years from the date of termination or the date the option would otherwise expire. Mr. Armoyan had no options outstanding as at December 31, 2013.

The agreement requires that Mr. Armoyan will not, during the term of his employment with Clarke or at any time after, without the Company's prior consent, disclose any confidential and proprietary information or trade secrets nor use the same for any other purpose than for the purposes of the Company. For a period of 12 months following Mr. Armoyan's termination, Mr. Armoyan may not solicit, for any purpose that is competitive with the Company, any customer of Clarke for the 12 months preceding the termination or an employee of the Company. Similarly, Mr. Armoyan may not for the 12 months following termination, without the written consent of the Company, be employed by, otherwise interested in, or permit his name to be used in, any business in direct competition with the Company in the Province of Ontario.

Dean Cull

Mr. Cull's employment with a subsidiary of the Company terminated on December 31, 2013. In March 2014, pursuant to his resignation, Mr. Cull entered into a termination agreement with the Company (the "Termination Agreement") waiving the change of control payments in his employment agreement. In lieu of change of control payments, Mr. Cull was paid a lump sum of \$2,000,000, the value of which was contingent upon the sale price of the Freight Transport Business. The Termination Agreement provides that Mr. Cull may be entitled to a further payment of \$500,000 depending upon the final adjustments to the purchase price paid in the sale of the Freight Transport Business. The Termination Agreement also provides that Clarke shall allow and facilitate the withdrawal by Mr. Cull of all benefits accrued under the Defined Benefit Plan and Supplemental Retirement Plan. The Termination Agreement does not include any significant conditions or obligations that apply to receiving the payments or benefits.

7. Director Compensation

The following table sets forth for the year ended December 31, 2013, information concerning the compensation paid to the Company's directors other than directors who are also NEOs.

Name	Fees earned (\$)	Option-based awards (\$)	Total (\$)
Rex C. Anthony	38,000	-	38,000
Blair Cook	38,000	-	38,000
Charles Pellerin	29,000	-	29,000
Pat G. Powell	29,000	-	29,000
Michael Rapps ⁽¹⁾	-	-	-

(1) Mr. Rapps received \$100,000 in compensation for duties performed as Vice President, Investments of the Company during 2013. Mr. Rapps stepped down as Vice President, Investments effective September 18, 2013. Mr. Rapps did not receive compensation for his role as director of the Company.

Directors of the Company that are also officers or employees of the Company are not compensated for service on the Board, therefore no additional director fees are payable to Mr. Rapps for his services as a director of the Company.

Directors are remunerated on an annual basis by payment of quarterly fees in the amount of \$6,250. In addition, to recognize attendance each director receives \$1,000 for each Board meeting and \$1,000 for each Audit Committee meeting. To recognize the additional effort required by the duties of a chair, the Chairman of the Board and the Chairman of the Audit Committee receive a quarterly fee of \$1,250. The total of such fees paid to the Board for the fiscal year ending December 31, 2013 amounted to \$134,000.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

1. Equity Compensation Plan

The only equity compensation plan the Company has is the Plan. The Company closed the Plan in 2012. The following table sets out information relating to the Company's equity compensation plans in place as of the date of this Circular.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	62,000	3.99	Nil
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	62,000	3.99	Nil

The above numbers of securities have been adjusted for the 2-for-1 stock splits effected by way of a stock dividend that were paid on April 6, 2006 and June 18, 2007. For further explanation of the Plan, see Note 16 of the Consolidated Financial Statements for the Company for the year ended December 31, 2013, which is incorporated by reference in this Circular.

2. Description of the Company's Stock Option Plan

The following description is a summary of the Plan and should not be relied upon as a complete description of the Plan.

The participants in the Plan included directors, officers, full-time employees and eligible retirees of the Company or any other person or company engaged to provide ongoing management or consulting services to the Company (the "Participants").

As at May 16, 2014, 1,708,550 stock options of the Company have been issued and exercised pursuant to the Plan, representing approximately 8.5 % of the issued and outstanding common shares or approximately 8.0% on a fully-diluted basis. As at this date, 62,000 options are outstanding, representing 0.3% of the issued and outstanding common shares or 0.3% on a fully-diluted basis.

The maximum number of shares reserved for issuance under the Plan to any one participant could not exceed 5% of the number of issued and outstanding common shares of the Company.

Unless approved by a majority of the shareholders (excluding insiders to whom common shares may be issued pursuant to the Plan and associates of any such insiders) of the Company at a meeting, the maximum number of common shares (i) reserved for issuance pursuant to options under the Plan granted to insiders at any time could not exceed 10% of the number of issued and outstanding shares of the Company; (ii) which may be issued to insiders, within a one-year period, under the Plan could not exceed 10% of the number of issued and outstanding common shares of the Company; and (iii) issued to any one insider and the associates of such insider, within a one-year period, could not exceed 5% of the number of issued and outstanding common shares.

The option price per common share was determined by the Board at the time the option was granted, and such price was not less than the closing price of the common shares on the TSX on the last trading day on which common

shares traded on the TSX immediately preceding the date of grant. The option period for each option was established by the directors of the Company at the time of granting of options and may be amended from time to time while the options remain outstanding, provided such option period shall at no time exceed 10 years from the date of initial grant. Options shall be exercisable for such period, and vest at such times during the option period as may be determined by the directors of the Company either at the time of grant or at any time thereafter.

Options cannot be transferred or assigned other than by will or by the laws of descent and distribution. During the lifetime of a holder of an option, it can only be exercised by such holder. In the event of the death of a Participant, any option then held by such Participant which has not vested shall expire and, any option which has vested shall be exercisable only within 12 months subject to the terms of the Plan. If a Participant shall cease to be a director, officer, employee of the Company or be providing ongoing management or consulting services to the Company for any reason other than death or becoming an eligible retiree, the right to exercise their option shall be limited to and shall expire on the date of such cessation or termination unless otherwise determined by the directors.

On May 14, 2013, the Board approved an amendment to the Plan removing restrictions on the exercise of options by Participants during a Blackout Period (as that term was defined in the Plan prior to amendment). This amendment was not approved by the shareholders of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors, officers and certain employees of the Company are covered under Directors' and Officers' Liability Insurance policies. The policies include coverage for wrongful acts claimed against directors, officers and such employees by reason of their serving in such capacities. The aggregate limit of liability applicable to those insured directors, officers and employees under the insurance policies is \$5 million. The policies contain clauses that specify deductible amounts of \$25,000 in respect of claims by the Company. The aggregate premium paid by the Company for directors' and officers' liability insurance coverage was \$18,100 for the fiscal year ended December 31, 2013.

Each of the officers and certain employees of the Company have entered into indemnity agreements with the Company in connection with any prior actions as an officer and/or employee of the Company or any of its subsidiaries, consistent with the *Canada Business Corporations Act*.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES

There is no indebtedness outstanding to the Company from its current or former directors, officers or employees or their associates, other than routine indebtedness incurred in the normal course of business, except as follows:

Aggregate Indebtedness (\$)		
Purpose	To the Company or its Subsidiaries	To Another Entity
Other ⁽¹⁾	-	750,000

(1) On February 27, 2013, the Clarke Group Pension Plan & Pension Plan of the Employees of Clarke Inc., which is administered by Clarke, issued a mortgage to an entity owned by Rex Anthony, the then Chairman of the Board in the amount of \$750,000. Mr. Anthony is not up for re-election to the Board.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Company pays rental amounts for office space leased from APL Properties Ltd. ("APL"). APL is owned by relatives, which include immediate family members, of Mr. Armoyan. For the year ended December 31, 2013, rents paid were approximately \$217,000.

The Company and a subsidiary provide administrative and information technology services to Geosam, Geosam Capital and Armco Capital Inc., companies owned by relatives of Mr. Armoyan. For the year ended December 31, 2013, fees charged for providing these services were approximately \$205,000.

AVAILABILITY OF DOCUMENTS

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company's most recent annual information form and annual report (including comparative Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2013) filed with various Provincial securities commissions may be obtained, without charge, on request from the Corporate Secretary of the Company.

OTHER MATTERS COMING BEFORE THE MEETING

It is not the intention of the management of the Company to bring any matters before the meeting other than the matters referred to herein. **IT SHOULD BE NOTED, HOWEVER, THAT THE ENCLOSED FORM OF PROXY IS A DISCRETIONARY PROXY AND THE PERSONS NAMED THEREIN ARE AUTHORIZED TO VOTE IN ACCORDANCE WITH THEIR DISCRETION ON ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.**

Dated at Halifax, Nova Scotia this 16th day of May, 2014.

BY ORDER OF THE BOARD

(Signed): "George Armoyan"

GEORGE ARMOYAN
PRESIDENT AND CHIEF EXECUTIVE OFFICER

**CLARKE INC.
MANDATE OF THE BOARD OF DIRECTORS**

1. *Statement of Policy*

The mandate of the board of directors ("Board") of Clarke Inc. (the "Company") is to oversee, monitor and evaluate the management of the business and affairs of the Company. The Board shall review, discuss and approve various matters related to the strategic direction, business, operations and organizational structure of the Company with a view to the best interests of the Company and shareholders generally. The Board shall approve certain transactions whose value exceeds management's authority limits. The types of transactions requiring prior Board approval include: acquisitions or divestitures of subsidiaries, divisions or assets, assumption of significant liabilities other than in the ordinary course of business, and transactions which would materially change the Company's consolidated revenue or net assets. The Board shall approve banking relationships and key borrowing and financing decisions, appoint the officers of the Company, determine the Directors' compensation and declare dividends. Responsibilities of the Board are performed by the Board as a whole and the Board establishes committees of the Board to assist the Board in discharging its responsibilities.

2. *Composition and Organization of the Board*

Selection of Members

There is no Human Resources and Corporate Governance Committee ("HRGC") in place for the Company. The Board assumes all responsibilities of the HRGC for reviewing and recommending candidates for nomination as Directors. The Board approves the final choice of candidates for nomination and election by the shareholders.

Number of Directors

The number of Directors shall be not less than three (3) or greater than ten (10).

Membership Criteria

The composition of the Board, including the qualifications of its members, shall comply with the applicable requirements of the *Canada Business Corporations Act*, the stock exchanges on which the Company lists its securities and the rules and policies of securities regulatory authorities, as adopted, in force or amended from time to time.

Directors must have an appropriate mix of skills, knowledge and experience in business and a history of achievements. Directors selected should be able to commit the requisite time for all the Board's business and shall demonstrate integrity, accountability and informed judgment.

Outside and Independent Directors

A majority of the Board shall be composed of outside Directors who are not part of the management of the Company and who are independent (as determined by the Board in accordance with applicable securities laws and regulations).

A majority of the nominees proposed to the shareholders of the Company by its management from time to time for election as Directors at annual general meetings of shareholders shall be outside and independent Directors; and the Board shall use its efforts to maintain such a majority of outside and independent Directors.

Chairperson

The Board shall appoint its chairperson of the Board (the "Chair") from among the Company's Directors.

Term of Directors

The Directors are elected by the shareholders at every annual meeting. A Director ceases to hold office upon death, resignation, removal or disqualification under the *Canada Business Corporations Act*.

Resignation of Directors

The resignation of a Director becomes effective at the time a written resignation is sent to the Company, or at the time specified in the resignation, whichever is later.

3. Responsibilities of the Board

In discharging their responsibilities, the Directors owe the following duties to the Company:

- fiduciary duty: they must act honestly and in good faith with a view to the best interests of the Company and be loyal to the Company; and
- duty of care: they must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In discharging their responsibilities, the Directors are entitled to rely on the honesty and integrity of the senior management of the Company and the auditors and other professional advisors of the Company, and should establish and follow processes that enable them to effectively fulfill their overseeing responsibilities.

The Board has the responsibilities outlined below for the stewardship of the Company. "Stewardship" means to oversee, monitor and evaluate management, who are responsible for the day to day conduct of the business. Stewardship includes:

- annually adopting and updating the strategic planning process and approving a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- approving the communications policy for the Company;
- overseeing the implementation of the Company's disclosure controls and procedures and internal control over financial reporting;
- overseeing the maintenance by management of practices and processes to assure compliance with applicable laws and appropriate ethical standards, including the adoption by management of corporate policies and procedures and the Company's Code of Conduct and Ethics;
- overseeing the implementation of the Company's management information systems; and
- developing the Company's approach to corporate governance.

4. Relationship with Management

The Board expects that management will seek to maximize shareholder value in a manner that is consistent with good corporate citizenship, including the fair treatment of the Company's employees and the provision of quality service to the public. Management is responsible for the development of long-term corporate strategy, and the role of the Board is to review, question and validate, and ultimately to approve the strategies proposed by management.

To assist the Directors in discharging their responsibilities, the Board expects management of the Company to:

- review and update the Board annually (or more frequently if appropriate) for its approval the strategic plan, and report regularly to the Board on the implementation of the strategic plan in light of evolving conditions;
- prepare and present to the Board annually (or more frequently if appropriate) a business plan and budget and report regularly to the Board on the Company's performance against the business plan and budget; and

- report regularly to the Board on the Company's business and affairs and on any matters of material consequence for the Company and its shareholders.

Additional expectations are developed and communicated during the annual strategic planning and budgeting process and also during regular Board and Board committee meetings.

Management shall put before the Board for its approval all material financial disclosure, business plans, major capital expenditures, capital raising and other major financial activities, executive hiring plans, compensation policies, succession planning, major issues relating to the Company's products or services (such as quality and safety), decisions to devote resources to new lines of business, organizational restructuring plans, proposed acquisitions and divestitures, and all other matters that must by law be approved by the Board.

5. *Expectations and Responsibilities of Directors*

As stewards, directors are expected to establish standards of conduct for the Company, and must set the general moral and ethical tone for the conduct of business, while overseeing the Company's compliance with applicable laws and policies. Without limiting the generality of the foregoing, each member of the Board is expected to:

- lead by example by acting in compliance with applicable laws, applicable internal and external policies and standards set by the Board;
- regularly attend board meetings and important related meetings;
- make a serious commitment to participate actively in committee meetings, if applicable;
- stay informed and current about committee matters and matters regarding corporate governance;
- prepare for meetings, and review and comment on minutes and reports;
- get to know other Board members and build collegial working relationships;
- be an active participant in the Board's annual evaluation and planning efforts;
- engage in open discussion and debate on issues and work collaboratively with all members of the Board;
- encourage input from all members, including those with opposing views;
- disclose all potential conflicts of interest;
- where necessary, seek the advice of experts;
- exercise his or her authority as a Board member to the best of his or her ability, honestly, in good faith, and in the best interests of the Company.

6. *Meetings and Proceedings*

- The Board shall meet as frequently as is determined to be necessary but not less than four times each year.
- The Chair shall normally call meetings of the Board. Any Director, the corporate secretary or any two Directors may also call a meeting of the Board.
- The Chair is responsible for the agenda of each meeting of the Board, including input from other Directors and management of the Company as appropriate. Meetings will include presentations by management or professional advisors and consultants when appropriate and allow sufficient time to permit a full and open discussion of agenda items. Information and materials that are important to the Board's understanding of the agenda items and related topics should be distributed reasonably in advance.
- Unless waived by all Directors, a notice of each meeting of the Board confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded to each Director at least three (3) days before the date of the meeting, provided that supporting materials that are not available at the time of mailing may be sent as soon as possible after they become available.
- Meetings may be held in person or by means of telephone, electronic or other communication facilities.
- The quorum for each meeting of the Board is a majority of the Directors. Any matter to be voted upon shall be decided by a majority of the votes cast for a resolution. In the absence of the Chair, the other members may appoint one of their number as chair of a meeting. The Chair or the Chair in his or her absence, shall not have a second or casting vote.
- Any Director who has a conflict of interest in accordance with the Company's Code of Conduct and Ethics, which is applicable to any such Director, shall:
 - disclose such conflict in a timely manner to the Board,
 - not be counted for purposes of determining a quorum for the meeting;

- leave any meeting when the subject matter of the conflict is to be considered, and
 - not vote on such subject matter.
- The corporate secretary shall keep minutes of all meetings of the Board, including all resolutions passed by the Board. Minutes of meetings shall be distributed to the Directors after preliminary approval thereof by the Chair.
- An individual who is not a Director may be invited to attend a meeting of the Board for all or part of the meeting.
- The outside and independent Directors shall regularly meet without inside and non-independent Directors and management present, as and when they wish to do so, to ensure free and open discussion and communication among the outside and independent Directors.

7. *Feedback from Stakeholders*

The Board shall adopt procedures that are designed to provide the Board with appropriate feedback from the Company's stakeholders. These procedures shall include:

- a formal written whistleblower policy that facilitates the submission by employees of confidential complaints relating to accounting matters and breaches of the Company's code of conduct and ethics; and
- written instructions, posted on the Company's website, that will facilitate the receipt by the Company, and under appropriate circumstances the Board, of complaints and other correspondence from all stakeholders, whether or not employed by the Company.