

S. L. HORSFORD & CO. LTD.  
BOARD GOVERNANCE MANUAL

This Governance Manual is in force pursuant to a resolution adopted by the Board of Directors of the Company on February 12, 2009 and became effective on such date.

Amended and Restated pursuant to a resolution adopted by the Board of Directors of the Company on April 16, 2009.

S. L. HORSFORD & CO. LTD.  
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## **SECTION I - INTRODUCTION**

### **1. Preamble**

- 1.1 The Company (as that term is hereinafter defined):
- a) Believing that its long term development and growth and the interests of its various stakeholders are best served by the adoption and implementation of appropriate corporate governance principles;
  - b) Recognizing that its economic and operational efficiency will be promoted by the establishment of a governance system with clear control and management procedures, underpinned by timely self-imposed reviews and assessments;
  - c) Accepting that improved investor confidence will be enhanced by providing disclosure of the processes by which it is directed and operated,
- adopts this Corporate Governance Manual (the “Manual”).
- 1.2 The Company remains subject to the applicable laws of St. Christopher and Nevis, including but not limited to the company, business, labour and tax laws which are paramount. The Company also remains subject to its Articles of Association. In case of any conflict between this Manual or any guideline contained herein, and the aforesaid laws and/or the aforesaid Articles, the laws or the Articles (as the case may be) shall prevail.
- 1.3 This Manual and the guidelines contained herein are not intended to and do not confer any legal rights of any kind on any person. They form a code of conduct that represents “best practices” which the Company will strive to attain. This Manual and the guidelines contained herein may be amended by the Directors whenever they consider doing so to be appropriate in the circumstances, taking into account the best interests of the Company. The business and operations of the Company and the circumstances in which the Company operates are dynamic and there may be circumstances when the application of the guidelines contained herein may not be practical or appropriate. The Directors will at all times endeavour to apply these guidelines. Any action or decision by the Board, or any Committee or any Director, not in conformity with the Manual, but in compliance with the Articles of the Company and applicable laws shall be valid.

### **2. Objectives of Manual**

- 2.1 This manual applies to S. L. Horsford & Co. Ltd and any and all of its subsidiaries herein referred to as “the Company”.
- 2.2 The two objectives of this Manual are:

- a) to document the governance principles and practices of the Board of Directors (the "Board") of the Company; and
- b) to provide an orientation resource for new Directors.

### **3. Governance System**

- 3.1 At the Company, governance denotes the structure and processes employed to oversee, direct and manage the business and affairs of the Company with the object of ensuring its financial viability and enhancing investor value. The structure and processes define the division of power between, and establishes mechanisms for achieving accountability by, the Board of Directors and management. Ways and means of improving Board effectiveness are reviewed and modified on an ongoing basis.
- 3.2 The governance system of the Company is documented under the following headings:
  - a) Responsibilities
  - b) Board Independence from Management
  - c) Structure of Board
  - d) Composition of the Board
  - e) Board Access to Information
  - f) Performance Assessment

### **4. Governance Committee**

- 4.1 The Board of Directors has a Governance Committee which oversees on behalf of the Board governance of the Company, including:
  - a) the methods and processes for Board effectiveness and performance evaluation.
  - b) proposing suitable candidates for election or appointment to the Board subject to Article 96(b) of the Articles which also provides for the nomination of Directors by shareholders.
  - c) recommending Directors' compensation for Board approval.

## **SECTION II - RESPONSIBILITIES**

### **1. Board of Directors Responsibilities**

- 1.1 The primary responsibility of the Board is to foster the long-term success of the Company. The Company's Board is empowered by the Articles of the Company.
- 1.2 The Board operates by delegating certain of its authorities, including spending authorizations to management and by reserving certain powers for itself. The Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board subject to Article 96(b), appointing committees and determining Director compensation.
- 1.3 In its fiduciary capacity, the Board of Directors is obligated under corporate law to exercise its powers and its duties honestly and in good faith with a view to the best interests of the Company and as such, is accountable for the success of the Company.
- 1.4 The Directors have determined that the company is to be managed by senior executives and that the role of the Board is to oversee their performance. In general, this role consists of selecting management that is effective, overseeing strategy and performance, acting as a resource for management in matters of planning and policy, and ensuring effective communication with investors and shareholders, the public and other stakeholders.
- 1.5 The principal duties of the Board of Directors are outlined in the Board Charter, attached as Appendix A.

### **2. Chair of the Board Responsibilities**

- 2.1 Appendix B outlines the duties and responsibilities of the Chair of the Board of Directors.

### **3. Vice-Chair Responsibilities**

- 3.1 Appendix B outlines the duties and responsibilities of the Vice-Chair of the Board of Directors.

### **4. Individual Director Responsibilities**

- 4.1 The principal duties and responsibilities of the Individual Director are outlined in Appendix C.

**5. Managing Director Responsibilities**

- 5.1 Appendix D includes a Position Description for the Managing Director (MD) who serves in the capacity of the Company's chief executive officer.

**6. Committee Chair Responsibilities**

- 6.1 Appendices E to H outline the Committee Charters for each of the Board's Committees, and include Committee Chair responsibilities for each Committee.



## **SECTION III - BOARD INDEPENDENCE FROM MANAGEMENT**

### **1. Introduction**

The Company Defines the independence of a Director of the Board as follows:

- 1.1 An “Independent” Director is one who meets the following criteria:
  - a) The Director is not an employee or a member of the company’s management.
  - b) The Director is not a member of the immediate family of an executive officer of the company or a member of the company’s management.
  - c) The Director has not been a member of the Company’s management within the preceding three years.
- 1.2 Based on the foregoing definition, an Executive Director is a Non-independent Director.

### **2. Board Leadership**

- 2.1 The Chairman of the Board may be either an Independent Director or a non-independent Director. If the Chair is not independent, the Board will elect a Vice-Chairman who shall be an Independent Director.

### **3. Director Selection Process**

- 3.1 Subject to the shareholder’s right to nominate Directors, the Governance Committee has the responsibility for recommending suitable candidates for nomination to the Board. The selection procedure for Independent Directors is described in Appendix I.

## **SECTION IV - STRUCTURE OF BOARD**

### **1. Meeting Frequency and Location**

- 1.1 Meeting frequency and location are determined from time to time by the Board.
- 1.2 The independent Directors may meet from time to time, but not less than once per year, in executive session, for the purpose of discussing any matter relating to the functioning of the Board from the point of view of an independent director unconnected with the management of the Company. The Vice-Chair of the Board will chair such sessions. Minutes shall be taken at said meetings to record issues raised by the independent Directors and proposed recommendations to the Board, if any. A copy of the minutes of these meetings shall be provided to the full Board of Directors at its next meeting.

### **2. Board Committees**

- 2.1 The Board has established Charters for each of its committees. These Charters are outlined in Appendices E to H.

### **3. Committees**

- 3.1 For the time being, the Board shall operate with the following three committees based on the terms of reference as described in Appendix E to H:
  - a) Audit Committee
  - b) Governance Committee
  - c) Compensation Committee
- 3.2 The Governance Committee shall review the terms of reference for each of the committees on an annual basis.

### **4. Composition of Committees**

- 4.1 Composition of committees is also a key determinant of Board independence. At a minimum, all committees shall be composed of a majority of Independent Directors. The Compensation Committee and the Audit Committee shall consist entirely of Independent Directors.

### **5. Directors' Compensation**

- 5.1 The Governance Committee reviews Directors' compensation on an annual basis and makes recommendations to the Board regarding changes. All Directors of the Board are entitled to receive Director Compensation. Matters relating to Directors Compensation are covered in Appendix J.

## **6. Directors' & Officers' Liability Insurance**

- 6.1 The Company shall maintain Directors' and Officers' liability insurance. The minimum limit per loss/annual aggregate of coverage for Directors, Officers and employees as a group shall be \$10.0 million. The Company, in so far as the 'The Companies Act 1996 allows, shall indemnify every present or former Director and Officer of the Company against any loss or liability by him by reason of being or having been a Director or Officer.

## **SECTION V - COMPOSITION OF BOARD**

### **1. The Nominating Process**

- 1.1 The Governance Committee is charged with the responsibility of identifying, evaluating and recommending nominees for the Board of Directors while fully recognizing the right of shareholders to initiate nominations for Directors pursuant to Article 96(b).

### **2. Board Size**

- 2.1 For the time being, the Board of Directors shall be comprised of nine (9) members which may be increased or decreased by the Board of Directors as dictated by changing circumstances. The Board shall have a majority of Independent Directors.

### **3. Meeting Quorum**

- 3.1 A quorum, consisting of five (5) members of the Board, must include at least three (3) Independent Directors.

### **4. Eligibility Requirements**

- 4.1 The eligibility requirements are set out in the Articles of the Company. In addition to these requirements, the Governance Committee has developed selection criteria and desirable individual characteristics of candidates for nomination as outlined in Appendix I.

### **5. Terms of Office and Tenure**

- 5.1 Generally, an Independent Director has a term of up to three (3) years and is eligible for re-election indefinitely subject to other applicable policies of the Board. (See the applicable provisions of the Articles 102-104 for more details on Terms of Office and Tenure).

## **SECTION VI - BOARD ACCESS TO INFORMATION**

### **1. Committee Meetings and Forward Agendas**

- 1.1 The Forward Agenda outlines important issues that must be covered by the Board annually. Its schedule is harmonized with that of the Company's management and planning processes in order that the impact and timeliness of Board assessments and input may be maximized. The Forward Agenda for the Board of Directors is proposed by the Managing Director and reviewed by the Governance Committee prior to being reviewed and approved by the Board. The Forward Agenda for Committees is developed as a joint undertaking by the Governance Committee and the relevant Committee Chairs.

### **2. Board Access to Management**

- 2.1 The Board may request the Managing Director to invite members of executive management and other management as required to Board meetings to provide information and additional insight into the matters being considered by the Board and to provide exposure to the Board of high potential employees.

### **3. Directors' Orientation**

- 3.1 The Board of Directors recognizes the need to familiarize newly elected Directors with their role, responsibilities and liabilities and provide them with an overview of the company and its related entities. An orientation package shall be provided that consists of information on the nature of the business and organizational structure; strategic plans; Board procedures, Articles; marketing strategies and products; operations and capital expenditure programs; financial planning strategies and corporate services; human resources strategies; and new ventures, sales, products and services. The new Director, upon request, will also be provided with the opportunity to visit various facilities and to meet with Company officers to discuss and better understand the business.

### **4. Directors' Binder**

- 4.1 At least seven (7) days prior to a Board meeting, Directors are provided with meeting materials consisting of the minutes of the previous meeting, a copy of the meeting agenda plus supporting information on agenda items that will be reviewed, discussed or acted upon during the meeting.

## **SECTION VII - PERFORMANCE ASSESSMENT**

### **1. Board Assessment**

- 1.1 Board assessment occurs through various means as determined by the Governance Committee including: surveys, interviews, group discussions and other similar means. This assessment process is outlined in Appendix K for the Board, the Board Chair and individual Directors.

### **2. Individual Director Assessment**

- 2.1 As part of the periodic re-nomination process, the Governance Committee reviews individual Director contribution in terms of meeting attendance, preparedness, participation, value-added contribution and other responsibilities.

### **3. Board Chair Assessment**

- 3.1 One of the roles of the Governance Committee is to ensure there is an appropriate Chair evaluation process in place. The Governance Committee shall annually evaluate the performance of the Chair of the Board.

### **4. Managing Director Evaluation**

- 4.1 The Board of Directors has a responsibility to oversee and monitor the effectiveness of the Managing Director. The responsibilities of the Managing Director are found in Appendix D. An effective review process includes consideration of the Managing Director's performance relative to:
- a) the company's strategic plan, goals and targets;
  - b) the company's financial, competitive and service performance;
  - c) succession planning and the development of the executive team;
  - d) the Managing Director's contribution to effective Governance and Board relations;
  - e) leadership and communication with investors, customers, employees and the community.

This review process outlined in Appendix L, is carried out annually by the Governance Committee with a follow-up report to the Board for its review and action.

## **SECTION VIII – CODE OF ETHICS AND CONFLICT OF INTEREST**

### **1. Introduction**

The Board recognizes the need to formally adopt a written code of business conduct and ethics which constitute the standards designed to promote integrity and to deter wrongdoing in the management and operation of the Company.

### **2. Standard Of Conduct**

- 2.1 Directors, officers and employees of the Company are expected to adhere to the following principles and act with integrity, honesty and good faith with a view to serving the best interests of the Company and apply due diligence and skill in discharging their responsibilities.
- a) Seek to avoid conflicts of interest, including transactions and agreements in respect of which a Director or executive officer has a material interest, and where such cannot be reasonably avoided to disclose same;
  - b) Protect and properly use corporate assets and opportunities;
  - c) Respect confidentiality of corporate information;
  - d) Deal fairly with the company's shareholders, customers, suppliers, competitors and employees;
  - e) Comply with applicable laws, rules and regulations, and
  - f) Report any illegal or unethical behavior.
- 2.2 The standard of conduct applicable to Directors, officers and employees of the Company is described in Appendix M.

## **APPENDIX A – BOARD OF DIRECTORS CHARTER**

### **1. Introduction**

The Board is responsible for the stewardship of the Company and overseeing the management of the Company's business and affairs. The Board may discharge its responsibilities by delegating certain duties to committees of the Board and to management. The specific duties delegated to each committee of the Board are outlined in the terms of reference for those committees.

### **2. No Delegation**

- 2.1 The Board may not delegate the following matters to any committee:
- a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - b) the filling of a vacancy on the Board or any Board committee;
  - c) the allotment and issuance of securities;
  - d) the declaration and payment of dividends;
  - e) the purchase, redemption or any other form of acquisition of shares issued by the Company;
  - f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - g) the approval of management proxy circulars;
  - h) the approval of any take-over bid circular or directors' circular;
  - i) the approval of the financial statements and management's discussion and analysis of the Company;
  - j) the appointment or removal of the Managing Director;
  - k) the establishment of any Board committee and its mandate;
  - l) the adoption, amendment or repeal of the charter documents of the Company; and any other matter which is required under applicable corporate or securities laws to be decided by the Board as a whole.

### **3. Board Of Directors**

#### **3.1 Composition**

- a) The Board shall have a majority of Independent Directors.
- b) Subject to the requirements of any applicable laws, and the Articles of the Company, and the rules of any stock exchanges on which the shares of the Company are listed, the Managing Director will be a member of the Board.
- c) Upon ceasing to be the Managing Director, he or she will no longer be a member of the Board by virtue of having served in the position of Managing Director.
- d) The maximum number of executive directors shall be three (3).



- e) The Chair of the Board may either be an Independent Director or a non-independent Director.

### **3.2 Meetings**

- a) The Board will meet at least once each quarter and, including such quarterly meetings, a minimum of six times a year. Some of the Board's meetings should be held in locations other than the Company headquarters.
- b) The Chair and Managing Director, with the assistance of the Corporate Secretary, will be responsible for the agenda for each Board meeting.
- c) The quorum necessary for the transaction of business of the directors will be a majority of the directors.
- d) To the extent possible, Board materials will be made available in electronic format.

### **3.3 Meetings of Independent Directors**

One of the roles of the Independent Director is to act with a high level of independence in matters relating to the functioning of the Board and, in so doing, maintain and enhance the quality of corporate governance practices which are intended to promote the Board's independence from the Company's management. Accordingly,

- a) The Independent Directors of the Board of Directors shall meet in executive session at least once per year without management present for the purpose of formulating joint proposals, if any, on matters relating to the functioning of the Board viewed from the perspective of an independent director unconnected with the management of the company.
- b) The executive session will be chaired by the Vice-Chair of the Board, who shall oversee meeting procedures for such meetings and provide reports to the Board and Managing Director on behalf of the Independent Directors.

### **3.4 Election or Appointment of Directors**

The Board, following recommendation by the Corporate Governance Committee, will:

- a) develop appropriate qualifications/criteria for the selection of Board members, including criteria for determining Director independence and the roles and responsibilities of individual directors.
- b) approve the nominations for Directors to the Board to be proposed for election at annual general meetings of the Company;
- c) approve candidates to fill any casual vacancy occurring on the Board;
- d) fix the number of directors as permitted by the Articles of the Company.
- e) Approve the Company's compensation policy for Directors;
- f) Provide an orientation program for new Directors to the Board and continuing education opportunities for all Directors;

- g) Approve the persons designated to represent the Company on the Board of Directors of associated companies in which the company has a substantial shareholder interest.

### **3.5 Appointment of Board Chair, Vice-Chair and Company Secretary**

The Board shall be responsible for:

- a) Appointing the Board Chair from among the Company's Directors for a term of three (3) years.
- b) Appointing a Vice-Chair from among the Company's independent Directors for a term of three years, if the Chair of the Board is not independent.
- c) Appointing and removing the Company's Secretary.
- d) Assessing annually the effectiveness and contribution of the Board, the Board Chair and the Vice-Chair, and the Chair of each Committee of the Board and of individual Directors;
- e) Approving the appointment of the Chair and members of each Committee of the Board.
- f) Developing written position descriptions for the Board Chair and Vice-Chair and the Chair of each Committee of the Board;

### **3.6 Director Compensation**

Appendix J – Director Compensation describes the levels of directors' compensation for service on the Board of directors.

### **3.7 Committees of the Board**

- a) The Board will have the following committees and, after considering the recommendation of the Corporate Governance Committee, approve and/or modify their terms of reference:
  - i. Audit Committee – Appendix F
  - ii. Corporate Governance Committee – Appendix G
  - iii. Compensation Committee – Appendix H
- b) The Board may establish a new standing or ad hoc committee, after considering the recommendation of the Corporate Governance Committee. Not less than a majority of the members of any new standing or ad hoc committee will be Independent Directors.

## **4. Selection And Compensation Of Management**

The Board is responsible for:

- 4.1 Appointing the Managing Director of the Company;
- 4.2 Developing a written position description for the role of the Managing Director;

- 4.3 Developing the Company's goals and objectives that the Managing Director is responsible for meeting and reviewing the performance of the Managing Director against such corporate goals and objectives;
- 4.4 Approving the Company's compensation and benefits policy (including pension plans, if any) or any changes thereto for senior executives and approving, by action of the independent Directors, all forms of compensation for the Managing Director and senior executives.
- 4.5 Satisfying itself as to the integrity of the Managing Director and other senior management of the Company.
- 4.6 Overseeing succession planning for the management of the company.

## **5. Strategy And Budget**

The Board will:

- 5.1 annually consider and approve the Company's objectives and goals, its strategic plan to achieve those objectives and goals, and approve any material changes thereto;
- 5.2 Approve the Company's annual operating and capital budgets, and annual operating plan.
- 5.3 Review operating and financial performance results in relation to the Company's strategic plan and budgets;

## **6. Material Transactions**

- 6.1 Subject to delegation by the Board to management and to committees of the Board, the Board will review and approve all material transactions and investments.

## **7. Financial Reporting, Auditors And Transactions**

The Board is responsible for:

- 7.1 Reviewing and approving, as required, the Company's financial statements and related financial information;
- 7.2 Appointing, subject to approval of shareholders, and removing of the external auditor;
- 7.3 Appointing and removing of the Company's internal auditor;
- 7.4 Appointing and removing of the Company's chief financial officer, which authority the Board is able to exercise only on the recommendation of the Audit Committee;
- 7.5 Delegating, to the extent permitted by law, to the Managing Director, other Officers and senior executives appropriate powers to manage the business and affairs of the Company;

## **8. Public Reporting**

The Board is responsible for:

- 8.1 ensuring that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- 8.2 ensuring that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- 8.3 ensuring that appropriate policies and procedures are in place to ensure the timely disclosure of any other developments that have a significant and material impact on the Company;
- 8.4 reporting annually to shareholders on its stewardship for the preceding year; and
- 8.5 providing for measures that accommodate feedback from shareholders.

## **9. Monitoring Risks And Internal Controls**

The Board is responsible for:

- 9.1 identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks; and
- 9.2 ensuring the integrity of the Company's internal control and management information systems.
- 9.3 reviewing, approving, and as required, overseeing compliance with the Company's Disclosure Policy by Directors, senior executives and other employees;
- 9.4 reviewing and approving the Code of Business Conduct and Ethics of the Company and overseeing compliance by Directors, Officers and senior executives and employees;

## **10. Procedures And Policies**

- 10.1 The Board will monitor compliance with all significant policies and procedures by which the Company is operated.

## **11. Legal Requirements**

- 11.1 The Board will monitor and ensure compliance with all applicable laws and regulations.
- 11.2 The Board will strive to ensure that all corporate documents and records have been properly prepared, approved and maintained.

## **12. Evaluation**

- 12.1 The Board will evaluate annually the effectiveness of the Board as a whole, individual directors, committees and the Chair.

## **APPENDIX B – TERMS OF REFERENCE FOR BOARD CHAIR AND VICE-CHAIR**

### **1. Introduction**

The Chair plays a critical role on the Board, leading the Board in its management and supervision of the business and affairs of the Company and its oversight of management. In performing this role, the Chair must work with senior management, manage the Board, and promote effective relations with shareholders, other stakeholders and the public.

### **2. Appointment Of Board Chair And Vice-Chair**

The Board shall appoint its Chair from among the company Directors. If the Chair of the Board is not independent, the Board shall appoint a Vice-Chair from among the company's independent Directors.

### **3. Duties And Responsibilities Of The Board Chair**

The Board Chair leads the Board in all aspects of its work and is responsible to ensure that the Board is properly organized and functions efficiently. The Board Chair also advises the Managing Director in all matters concerning the interests of the Board and the relationships between senior executives and the Board.

#### **3.1 Managing the Board**

The Chair will:

- a) Provide strong leadership to enable the Board to act effectively in carrying out its duties and responsibilities as described in the Board Charter and as otherwise may be appropriate;
- b) Chair Board meetings and ensure they are conducted in an efficient and effective manner;
- c) In consultation with the Managing Director, the Company Secretary and the Chairs of the Committees of the Board, as appropriate, determine the frequency, dates and locations of meetings of the Board and of the annual general meeting of shareholders.
- d) In consultation with the Managing Director and the Company Secretary, review the meeting agendas to ensure all required business is brought before the Board to enable it to efficiently carry out its duties and responsibilities;
- e) Ensure, in consultation with the Chairs of the Committees of the Board, that all items requiring Board and Committee approval are appropriately tabled;
- f) Ensure the proper flow of information to the Board and review, with the Managing Director and the Company Secretary, the adequacy and timing of materials in support of management proposals to the Board;
- g) Assist the Corporate Governance Committee in its review of the composition of the Board and the committees prior to each annual general meeting;

- h) Assist the Corporate Governance Committee in its annual review of the scope, duties and responsibilities of the committees and any amendments thereto, as well as the establishment or disbanding of committees and changes to their composition, including the chairs thereof; and
- i) Assist the Corporate Governance Committee with its annual evaluation of the performance of individual directors, the Committee Chairs, the Board as a whole and the Committees.

### **3.2 The Chair's Relationship with Management**

The Chair will:

- a) communicate to senior management the concerns of the Board, shareholders and other stakeholders;
- b) work with the Managing Director and other senior executives to monitor progress on the strategic business plan, annual budgets, capital budgets, policy implementation and succession planning;
- c) act as a resource and sounding board for the Managing Director;
- d) in consultation with the Managing Director, ensure that there is an effective relationship between senior management personnel and the members of the Board, and facilitate the Board's interaction with key management as appropriate.

### **3.3 Relations with Shareholders**

The Chair will:

- a) chair meetings of shareholders; and
- b) facilitate the Board's efforts to create and maintain measures that accommodate feedback from shareholders.

### **3.4 Other**

- a) Exercise the authority of the Managing Director in the unlikely event that the Managing Director is absent and is unable to act and action on the part of the Managing Director is urgently required to protect the interests of the company;
- b) Carry out special assignments or any functions as requested by the Board;

## **4. Duties And Responsibilities Of The Board Vice-Chair**

The Vice-Chair shall:

- 4.1 Exercise the authority of the Chair of the Board at any meeting where the Chair of the Board is absent;
- 4.2 Assume the following responsibilities when the independent Directors are scheduled to meet in executive session without the management being present:
  - a) provide for procedures for such meetings, such as notice of meetings, minutes, and similar matters;

- b) Chair such executive session meetings;
  - c) Prepare a report on the meeting to document issues raised by the independent directors and recommendations proposed to the Board and Management..
  - d) Thereafter, provide the report to the Chair of the Board and Managing Director, so that appropriate action can be taken on the proposals and recommendations of the independent directors.
- 4.3 Carry out special assignments or any functions as requested by the Board.

## **APPENDIX C – TERMS OF REFERENCE FOR THE DIRECTORS**

### **1. Goals And Objectives**

As a member of the Board, each director will:

- a) participate in the oversight of the management of the business and affairs of the Company;
- b) act honestly and in good faith and in the best interests of the Company;
- c) exercise the care, diligence and skill of a reasonably prudent person;
- d) fulfill the legal requirements and obligations of a director;
- e) represent the interests of all shareholders in the governance of the Company and
- f) ensure that the best interests of the Company are paramount.

### **2. Duties And Responsibilities**

#### **2.1 Board Activity**

Each director will:

- a) exercise good judgment and act with integrity;
- b) use his or her abilities, experience and influence fully and constructively;
- c) demonstrate high ethical standards;
- d) be an available resource to management and the Board;
- e) devote time to be of effective service to the Board;
- f) respect confidentiality;
- g) advise the Chair in advance when planning to introduce significant or previously unknown information or material at a Board meeting;
- h) understand the difference between governing and managing, and not encroach on management's area of responsibility;
- i) be aware of potential conflict areas – real or perceived – and disclose and abstain from voting when required;
- j) when appropriate, communicate with the Chair or Managing Director between meetings;
- k) demonstrate a willingness and availability for one on one consultation with the Chair or Managing Director;
- l) evaluate the Company's performance;
- m) assist in maximization of shareholder value;
- n) advise the Chair of the Board or Chair of the Corporate Governance Committee at the earliest possible date if he or she will not be able or willing to serve as a director;
- o) be collegial and respectful towards other directors; and not engage in or undertake lobbying activities as defined under applicable legislation on behalf of the Company without the prior express approval of the Chair of the Board and on written notice to the Corporate Secretary.



## 2.2 Preparation, Attendance and Communication

Each director will:

- a) prepare for Board and committee meetings for those committees of which he or she is a member, by reading reports and background materials prepared for each meeting, and acquiring adequate information necessary for decision making;
- b) maintain an excellent Board and committee meeting attendance record of 75% or better.
- c) participate fully and frankly in the deliberations and discussions of the Board;
- d) encourage free and open discussion of the affairs of the Company by the directors.
- e) speak and act independently of management;
- f) be permitted to engage an outside advisor, at the expense of the Company, to provide advice with respect to a corporate decision or action.

## 2.3 Committee Work

Each director:

- a) is expected to participate on committees when asked and become knowledgeable about the purpose and objectives of the committee; and
- b) is expected to understand how committees function, and the role of management and staff supporting the committees.

## 2.4 Business, Company and Industry Knowledge

Each director will:

- a) become and remain knowledgeable of the Company's products, services, and industry;
- b) develop and maintain a thorough understanding of the unique role of the Company within the community;
- c) develop and maintain an understanding of the regulatory, legislative, business, social and political environments within which the Company operates;
- d) participate in and receive on-going training and education when asked;
- e) become acquainted with the members of the executive management team and other key management of the Company;
- f) remain knowledgeable about the Company's facilities and visit them when appropriate; and
- g) be an effective ambassador and representative of the Company.

## **APPENDIX D – TERMS OF REFERENCE FOR THE MANAGING DIRECTOR**

### **1. Introduction**

The Managing Director has the primary responsibility for the management of the business and affairs of the Company. As such, he shall establish the strategic and operational orientation for the Company and in so doing, provide leadership and vision for the effective overall management of the company, the growth and profitability of the company, and for conformity with policies agreed upon by the Board of Directors of the Company. The Managing Director is directly accountable to the Board for all activities of the Company.

### **2. Responsibilities Of The Managing Director**

- 2.1 In collaboration with the Board of Directors, the Managing Director will:
- a) provide leadership and manage the business and affairs of the Company;
  - b) keep the Board current in a timely fashion on major developments and provide the Board with sufficient information on a timely basis to enable the Board to discuss potential issues, make decisions and fulfill its mandate;
  - c) recommend to the Board strategic directions for the Company's business and, when approved, implement the corresponding strategic, business and operational plans;
  - d) prepare annual operating budgets, capital development budgets and an annual operating plan for the approval of the Board.
  - e) direct and monitor the activities of the Company to achieve the Company's objectives and goals and to safeguard and optimize the best interests of all the shareholders while also having regard to the interests of other stakeholders of the Company;
  - f) develop and implement operational policies to guide the Company within the limits prescribed by applicable laws and regulations and the framework of the strategy and policies approved by the Board;
  - g) develop and recommend to the Board the overall corporate organization structure and staffing;
  - h) create, maintain and review with the Compensation Committee an annual plan for the development and succession of executive management;
  - i) oversee the relationship between the Company and the public;
  - j) facilitate interaction between the Board and other key members of management of the Company as appropriate;

## **APPENDIX E – TERMS OF REFERENCE FOR COMMITTEES OF THE BOARD**

### **1. Introduction**

Committees of the Board analyze policies and strategies developed by management, which are consistent with the Committees' terms of reference. Committees examine proposals and, subject to limitations of its mandate and applicable laws, make decisions or make recommendations to the full Board. Committees will not take action or make decisions on behalf of the Board unless specifically mandated to do so.

### **2. Membership**

- 2.1 All members of committees of the Board will be directors of the Company. The number of Independent Directors required for each committee is as follows:
- a) A majority of the members of the Governance committee shall be independent Directors.
  - b) All members of the Compensation Committee shall be independent Directors.
  - c) All members of the Audit Committee shall be Independent Directors.
  - d) At a minimum, all other committees shall be composed of a majority of Independent Directors.
- 2.2 The Board, following the recommendation of the Corporate Governance Committee, will appoint members of each committee from the directors, by a majority vote. The members of the committees will hold such positions at the pleasure of the Board.
- 2.3 The Board, following the recommendation of the Corporate Governance Committee, will appoint the Chair of each committee from each committee's members by a majority vote. The chair of the committee will hold such position at the pleasure of the Board.
- 2.4 The Chair of the Board, may be a member of any committee unless the Chair is the Managing Director in which case the relevant guidelines for committee membership will apply. The Chair of the Board shall not serve as the Chair of a Board Committee.
- 2.5 Directors who are also members of the Company's management may serve on those committees which permit membership by non-independent directors.
- 2.6 At least one member of the Audit Committee will have accounting or related financial management expertise, in accordance with applicable securities laws.

### **3. Meetings**

- 3.1 Each of the committees specified above will meet at least once per year and otherwise as necessary. Any ad hoc committees appointed by the Board will meet as often as is required to appropriately carry out their mandate. Meetings may be conducted with members present, in person, by telephone or other telecommunications device that permits persons participating to speak and hear each other.
- 3.2 A quorum is established with a majority of committee members present in person or by telephone or by other telecommunications device that permits all persons participating in the meeting to speak and hear each other. A quorum once established is maintained even if members of the committee choose to leave the meeting prior to conclusion.
- 3.3 All directors of the Company may attend meetings of each committee, provided, however, that meetings of the compensation Committee are open only to independent directors, that no director is entitled to vote at such meetings and is not counted as part of the quorum for such committee if he or she is not a member of the committee.
- 3.4 The Corporate Secretary or his or her nominee will act as Secretary to each committee.
- 3.5 The chair of a committee presides at meetings and ensures the work of the committee is well organized and proceeds in a timely fashion. The chair of the committee will arrange for an alternate chair in his absence.
- 3.6 The minutes of all committee meetings will be approved by members of that committee and executed by the committee chair and the Corporate Secretary.
- 3.7 Each committee will report to the Board on its meetings and each member of the Board will have access to minutes of committee meetings, regardless of whether the director is a member of such committee.

### **4. Agendas**

The chair of each committee, in consultation with the committee, the Managing Director and the Corporate Secretary, will determine the agenda, frequency, and length of the meetings, provided, however, that the committees will meet at least once annually.

### **5. Reporting**

Each committee has the duty to report to the Board all matters which it considers to be important for Board consideration as soon as practicable following the committee meeting.

## **6. Outside Advisors**

Each committee may engage outside advisors, at the expense of the Company, to provide advice with respect to a corporate decision or action under consideration by the Committee.

## **APPENDIX F – TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

### **1. Introduction**

The Board has established an Audit Committee (the “Committee”) to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Company’s accounting and financial reporting, the Company’s internal controls and disclosure controls, the Company’s legal and regulatory compliance, the Company’s ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Company’s external and internal auditors, the management of the Company’s risks, the Company’s credit worthiness and financial policy.

### **2. Duties**

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

- 2.1 Review this Charter at least annually to ensure compliance with the applicable standards and guidelines and, if required, recommend changes to the Board of Directors.
- 2.2 Review the Company’s significant accounting principles, policies and practices and any changes or modifications thereto.
- 2.3 Review the Company’s annual financial statements, quarterly financial statements, and any other relevant reports or other financial information.
- 2.4 Review the regular internal financial reports prepared by management and any internal auditing department.
- 2.5 Recommend to the Board of Directors the selection of the independent external auditors and approve the fees and other compensation to be paid.
- 2.6 Review the retention of independent accountants for any non-audit service and approve the fees and other compensation to be paid for such service.
- 2.7 On an annual basis, obtain a formal written statement from the independent accountants delineating all relationships between the accountants and the Company consistent with Independence Standards Board, and review and discuss with the auditors all significant relationships the firm has with the Company to determine the independence of the external auditors.
- 2.8 Review the performance of the external auditors and approve any proposed discharge when circumstances warrant.
- 2.9 Following completion of the annual audit, review separately with the independent external auditors, without the presence of management, any significant matter

relating to the audit, any problems or difficulties encountered during the course of the audit and any management letter provided by the external auditors and the Company's response to that letter.

- 2.10 Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

## **APPENDIX G – TERMS OF REFERENCE FOR THE CORPORATE GOVERNANCE COMMITTEE**

### **1. Introduction**

The Board has established the Corporate Governance Committee (the “Committee”) to assist the Board in fulfilling its oversight responsibilities regarding the effectiveness of the Company’s corporate governance system. The Committee is also responsible for establishing a process for identifying, recruiting, appointing and providing ongoing development for directors. In addition, it is the responsibility of the Committee to

- identify individuals qualified to become board members, consistent with criteria approved by the Board, and to select, or to recommend that the Board select, the director nominees for the next annual meeting of shareholders;
- develop and recommend to the Board a set of corporate governance principles applicable to the Company; and
- oversee the evaluation of the Board.

### **2. Duties**

In addition to any other responsibilities which may be assigned from time to time by the Board, the Committee shall have the following duties and responsibilities.

- 2.1 Recommend to the Board criteria for Board and committee membership, which shall reflect at a minimum any requirements of applicable law or listing standards, as well as a candidate's strengths, judgment, business experience, specific areas of expertise, factors relating to the composition of the Board and the perceived needs of the Board.
- 2.2 Consider (in consultation with the Chairman of the Board and the Managing Director) and recruit candidates to fill positions on the Board of Directors. The Committee shall also review any candidate recommended by the shareholders of the Company. As part of this responsibility, the Committee shall be responsible for conducting, subject to applicable law, any and all inquiries into the background and qualifications of any candidate for the Board of Directors.
- 2.3 Evaluate current Directors for re-nomination to the Board, including assessing their performance within the context of the Board evaluation process.
- 2.4 Recommend to the Board nominees for election as Directors. In making such recommendations, the Committee shall consider the criteria for Board membership approved by the Board and such other factors as the Committee shall deem appropriate and shall make a specific determination as to the independence of each candidate.
- 2.5 Recommend to the Board appointments to Board committees.



- 2.6 Recommend to the Board of Directors corporate governance guidelines addressing, among other matters, the size, composition and responsibilities of the Board of Directors and its committees, including its oversight of management and consultations with management. The corporate governance guidelines shall be reviewed not less frequently than annually by the Committee, and the Committee shall make recommendations to the Board of Directors with respect to changes to the guidelines.
- 2.7 Advise the Board of Directors with respect to the charters, structure and operations of the various committees of the Board of Directors and qualifications for membership thereon, including policies for removal of members and rotation of members among other committees of the Board of Directors.
- 2.8 Oversee the development and implementation of an orientation and continuing education program for Directors.
- 2.9 Review and make recommendations to the Board of Directors with respect to director compensation, including the various elements of such compensation.
- 2.10 Establish and implement annual self-evaluation procedures for the Board and its committees and oversee the reporting to the Board by its committees. As part of such annual self-evaluation, the Committee shall review its own performance and the adequacy of this charter and recommend any proposed changes to the Board for approval.
- 2.11 Review and advise the Board of Directors regarding proposals submitted by the shareholders of the Company for inclusion in the Company's proxy statement.
- 2.12 Review periodically, directors' and officers' third party liability insurance coverage;
- 2.13 Review related-party transactions.
- 2.14 Report regularly to the Board of Directors on matters falling within the jurisdiction of the Committee.
- 2.15 Perform or obtain an annual evaluation of its performance and provide it to the Board of Directors.

## **APPENDIX H – TERMS OF REFERENCE FOR THE COMPENSATION COMMITTEE**

### **1. Introduction**

- 1.1 The Board of Directors has established the Compensation Committee of the Board to develop the Company's philosophy and guidelines on executive compensation, oversee succession planning for executive management, determine Managing Director goals and objectives relevant to compensation, recommend for Board approval the compensation of the Managing Director based on evaluation of his performance, determine compensation for Company executives, and review and administer the Company's incentive plans and the Company's retirement plans for executive management, if any.

### **2. Duties**

The Compensation Committee shall have such powers and functions as may be assigned to it by the Board of Directors from time to time, including the following:

- 2.1 Determine the compensation of the Company's Managing Director and evaluate the Managing Director's performance against any objectives set in respect of such compensation.
- 2.2 Determine the compensation of the Company's other Senior Executives as well as members of management who report directly to the Managing Director.
- 2.3 Compensation shall include salary, bonus and incentive compensation levels, equity compensation, if any, deferred compensation, retirement benefits, perquisites, retention benefits, severance arrangements and other arrangements in respect of executive officer compensation.
- 2.4 Review and make recommendations to the Board of Directors with respect to the Company's Executive compensation policies and programs, including the adoption of performance-based compensation policies or programs or deferred compensation policies or plans.
- 2.5 Perform such other duties as may be delegated from time to time by the Board of Directors or as may be required pursuant to any guideline in respect of compensation committees promulgated by a regulatory body.
- 2.6 The Compensation Committee shall not delegate its authority concerning decisions in respect of the compensation of Senior Executives except as authorized by the Board of Directors.
- 2.7 Report regularly to the Board of Directors on matters falling within the jurisdiction of the Committee.

- 2.8 Perform or obtain an annual evaluation of its performance and provide it to the Board of Directors.
- 2.9 Periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Governance Committee for its consideration.

## APPENDIX I – DIRECTOR SELECTION PROCESS

### 1. Introduction

The Board of Directors believes that the Board should reflect a diversity of background, perspectives and skills related to the Company's strategic objectives and that Board members should subscribe to the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the stockholders.

### 2. Search Process

When a vacancy occurs on the Board and such vacancy is to be by an independent Director, the Governance Committee (the "Committee") will follow the following process:

- 2.1 Strategic Objectives: The Committee will review the Company's current strategic objectives to determine the implications of such objectives for the composition of the Board of Directors.
- 2.2 Current Skill, Experience and Board Dynamics Analysis: The Committee will review the background, experience and skills of each Director along with the current Board dynamics to determine current Board strengths and needs. For this purpose, the Committee will develop a matrix of existing Directors' skills, knowledge and experience.
- 2.3 Gap Analysis: The Committee will review the information it has assembled about existing skills and dynamics in light of the Company's strategic objectives. This information will be used to assess whether the current Board represents a mix of skills, experience and individual characteristics required for collective effectiveness.
- 2.4 Development of Criteria: Bearing in mind the gap analysis, the Committee will develop the criteria for the selection of new Directors to ensure it complements the current Board composition and fills any gaps. Using the results of the divergence analysis, the Committee will develop a profile of skills, knowledge and experience required of potential candidates, that is consistent with the general selection criteria outlined below and that reflects the Company's values.
- 2.5 Search Process: The Committee may in its discretion identify candidates for consideration as potential Directors using all sources available to it. In identifying candidates, the Committee shall determine whether an individual fits the general selection criteria and the profile developed by the Committee.
- 2.6 Selection Process: Chair of the Committee, the Board Chair and the Managing Director will interview the candidates. The Committee will review the reports of the interviews and make the recommendation it deems appropriate to the Board.

- 2.7 The formal invitation to join the Board will be extended, on behalf of the Board, by the Chair of the Board after discussion with and approval by the Committee and the full Board of Directors.

### **3. General Selection Criteria**

- 3.1 With respect to Individual Qualifications, the Board will consider individuals
- a) prominent and active in any of a broad variety of businesses, institutions or professions and who would bring a diversity of views and experience to the Board;
  - b) with knowledge of and experience relevant to the success of a publicly-traded company;
  - c) familiar with the business of the company and the area in which the company does business;
  - d) who demonstrate the ability to take into account and incorporate many perspectives at once, who are incisive and exercise sound business judgment and who demonstrate independence of mind;
  - e) who demonstrate integrity, honesty and the ability to generate public confidence and maintain the goodwill and confidence of the Company's investors;
  - f) with the ability to provide thoughtful and experienced counsel on a broad range of issues and to develop a depth of knowledge of the business of the Company;
  - g) who are collegial and respectful of, but not deferential to, others views; and
  - h) possess adequate time, capability and willingness to fulfill the responsibilities of Director.

### **4. Re-election of Existing Directors**

- 4.1 In considering whether to recommend directors who are eligible to stand for re-election, the Governance Committee may consider a variety of factors, including
- a) a director's contributions to the Board and ability to continue to contribute productively,
  - b) attendance at Board and committee meetings,
  - c) compliance with the Corporate Governance Principles (including satisfying the expectations for individual directors), as well as whether the director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service,
  - d) the results of the annual Board self-evaluation,
  - e) the independence of the director and changes in the director's circumstances that might affect his ability to serve

## **APPENDIX J – DIRECTOR COMPENSATION**

### **1. Introduction**

The Company will compensate directors through the payment of Board and Committee retainers and meeting fees based on attendance at Board and Committee meetings, in consideration of the services provided by such directors and in recognition of their responsibilities to the Company and potential liabilities associated therewith.

Compensation should be set for two-year periods with a full review to be conducted by the Governance Committee every three years following the Company's annual general meeting.

### **2. Director Compensation**

- 2.1 The company will compensate directors through the payment of Board and committee fees in consideration of services provided by such directors and in recognition of their responsibilities to the company. Compensation will be based on the following schedule of service:
  - a) Service on the Board
  - b) Service on Committees
  - c) Service as Chairman of the Board
  - d) Service as a Committee Chairman
  - e) Special Assignments
- 2.2 Compensation to Board members for Board meeting attendance will be based on a rate equivalent to the compensation of the Managing Director for their service on the Board.
- 2.3 Compensation to Board members for attending the meetings of Committees on which they serve will be based on a rate equivalent to the compensation of the Managing Director for their service on Board Committees.
- 2.4 In determining the daily rate for Board compensation, the Managing Director annual pay will be divided by 250 working days and then each board member should be paid the resulting amount per day for each day, or portion thereof, spent on board matters.
- 2.5 The Board Chairman will be compensated at a rate equivalent to two (2) times the rate of Board members for attendance at Board meetings.
- 2.6 A Committee Chairman will be compensated at a rate that is equivalent to 1.5 times the rate of committee members for attendance at Committee meetings.
- 2.7 A director who is asked to perform special assignment or project work outside of regular board or committee meeting time, or who performs non-routine Board or

Committee work over and above that considered by the Chair as responsibilities normally carried out by other directors, and which is of a duration in excess of three hours, will be paid additional compensation based on the daily equivalent of time committed to the assignment at the daily rate for Board and Committee service. The director is required to prepare and send a time and effort report to the Chair of the Board for his approval.

**3. Director Benefits**

- 3.1 Directors shall be entitled, during their term of office, to shopping discounts and other company fringe benefits under the same guidelines and conditions that apply to company executives.

**4. Directors' Expense**

- 4.1 A director is eligible for expense reimbursement as applicable under the Company's expense reimbursement policy for its executive management.
- 4.2 The Company will provide travel accident insurance of up to \$500,000 for each director.

## **APPENDIX K – BOARD CHAIR, BOARD AND DIRECTOR EVALUATION PROCESS**

### **1. Board Chair Evaluation Process**

- 1.1 Annually, the Corporate Governance Committee will prepare a questionnaire to be completed by the Board Chair and individual Directors with respect to the performance of the Board Chair.
- 1.2 The objective of the questionnaire is to assist the Board to:
  - a) assess the overall performance of the Board Chair and to measure his contribution to the effective functioning of the Board.
  - b) evaluate the mechanisms in place for the Board Chair to operate effectively and make decisions in the best interests of the Board;
  - c) enhance and maintain best corporate practices for leadership of the Board;
  - d) meet regulatory requirements regarding corporate governance.
- 1.3 The assessment of directors with respect to the Chair will be collated by the Corporate Secretary and forwarded to the Chair of the Corporate Governance Committee without attribution to any director.
- 1.4 The Chair of the Corporate Governance Committee, will consolidate the results into a coherent, prioritized statement for review by the Board.
- 1.5 Thereafter, the members of the Corporate Governance Committee will conduct an interview with the Board Chair to discuss the results of the directors' evaluations of the Chair.
- 1.6 The Chair of the Corporate Governance Committee will report to the directors the results of the Committee's discussions with the Chair.

### **2. Board Evaluation Process**

- 2.1 Annually, the Corporate Governance Committee will prepare a questionnaire to be completed by each director to evaluate the performance of the Board as a whole and each Committee of the Board.
- 2.2 The object of the questionnaire is to assist the Board to:
  - a) assess the overall performance of the Board and measure the contributions made by the directors, both collectively and individually;
  - b) evaluate the mechanisms in place for the Board to operate effectively and make decisions in the best interests of the Company;
  - c) enhance and maintain best corporate practices; and
  - d) meet regulatory requirements regarding corporate governance.



- 2.3 The Corporate Secretary will collate the results and forward them to the Chair of the Governance committee. Any comments or suggestions relating to the Chair will be collated by the Corporate Secretary and forwarded to the Chair without attribution to any Director.
- 2.4 The Chair of the committee will conduct separate interviews with each Director to discuss the results of the Board and Committee evaluations.
- 2.5 The Chair will subsequently report to the Corporate Governance Committee and the Board on the results of the questionnaire and interviews.

### **3. Director Evaluation Process**

- 3.1 Annually, the Corporate Governance Committee will prepare a questionnaire to be completed by each director to evaluate the performance of individual directors. The questionnaire will ask directors to evaluate both themselves and their colleagues as directors and, in addition, will ask directors to evaluate those directors serving as the Chair of a Committee of the Board in their roles as chairs.
- 3.2 The object of the questionnaire is to improve the overall performance of the Board by assisting individual directors to build on their strengths and assess their need for continuing education.
- 3.3 The Corporate Secretary will collate the results and forward them to the chair of the Governance Committee.
- 3.4 The Governance Committee may elect to conduct separate interviews with each director or committee chair to discuss the results of the director's evaluations.
- 3.5 The Chair of the Corporate Governance Committee will report to the Committee and Board on the results of the questionnaire at a subsequent meeting.

## **APPENDIX L – MANAGING DIRECTOR REVIEW PROCESS**

### **1. Introduction**

- 1.1 The following documents constitute the benchmarks against which review of the Managing Director takes place:
- a) The position description for the Managing Director as approved by the Board.
  - b) The Company's strategic plan;
  - c) The annual operating plan and budget and the capital development plan and budget;
  - d) Any specific targets and goals agreed to the Board at the beginning of the year but not included in the above material; and
  - e) With respect to the Managing Director, his or her corporate goals and objectives, goals for individual business units and his personal performance objectives.
- 1.2 The Compensation Committee will also evaluate the performance of the Managing Director using such performance management tools deemed appropriate, including a self-appraisal prepared by the Managing Director himself.

### **2. The Managing Director's Self-Appraisal**

- 2.1 The Managing Director will be asked by the chair of the Compensation Committee to prepare a self-evaluation in which he assesses his performance against the objectives established above and what the Managing Director sees as the priorities for the immediate future.
- 2.2 The self-appraisal may be prepared in point form or otherwise written as a narrative report.
- 2.3 The self-appraisal of the Managing Director will be discussed by members of the Compensation Committee in advance of his or her performance assessment by that Committee.

### **3. Director Involvement**

- 3.1 Every non-management director will be invited to provide his or her own assessment of the Managing Director's performance. The chair of the Compensation Committee will provide a format for director input with respect to the Managing Director.
- 3.2 The assessment of directors with respect to the Managing Director will be consolidated by the chair of the Compensation Committee into a coherent, prioritized statement from the Board to the Managing Director.
- 3.3 All non-management directors will have an opportunity to comment on the

content of the above statement at which point the chair of the Compensation Committee will discuss the statements with the Managing Director.

- 3.4 The Chair of the Compensation Committee will report to the non-management directors of the Board the results of his or her discussions with the Managing Director.

## **APPENDIX M - CODE OF ETHICS AND CONFLICT OF INTEREST POLICY**

### **1. Introduction**

This Code of Ethics policy sets forth the guiding principles by which the Company operates and how the Company conducts its daily business with shareholders, customers, vendors and other stakeholders. These principles apply to all of the directors, officers and employees of the Company.

### **2. Guiding Principles**

- 2.1 As an overriding responsibility, Directors, officers and employees must act with integrity, honesty and in good faith with a view to serving the best interests of the Company and apply due diligence and skill in discharging their responsibilities.

### **3. Complying With Laws, Regulations, Policies And Procedures**

All directors, officers and employees of the Company are expected to understand, respect and comply with all of the laws, regulations, policies and procedures that apply to them in their positions with the Company. Employees are responsible for talking with their supervisors to determine which laws, regulations and the Company policies apply to their position and what training is necessary to understand and comply with them.

Directors, officers and employees are directed to make available the applicable Company policies and procedures available to the persons they supervise.

### **4. Conflict Of Interest**

- 4.1 A conflict of interest is defined as a situation in which a member of the Company, Board of Directors, or management has a private or personal interest sufficient to influence or appear to influence the objective exercise of his or her official duties to the Company.
- 4.2 A conflict of interest exists when a member of the Board of Directors, member of management or an employee, through business, investment, family relationship, or otherwise:
- a) has an ownership or investment interest in any entity with which the company has a transaction or contractual relationship, or
  - b) has a potential ownership, investment interest, or compensation arrangement with any entity or individual with which the Company competes or is negotiating a transaction or contractual arrangement.
- 4.3 A conflict of interest also exists when and if a Board member or a member of management serves on a governing board of another corporation with which the

Company competes or has an actual or potential contractual or financial arrangement

- 4.4 Other examples of conduct that would be a conflict of interest include:
- a) Directors may not realize secret profits or unfair gain through personal transactions with or on behalf of the Company.
  - b) Directors may not compete with the Company to its detriment or act as an agent for competitors.
  - c) Directors may not act as advisors or consultants to competitors of the Company.
  - d) Directors may not take personal advantage of a Company opportunity.
  - e) Directors may not realize personal gain from the use of material from non-public Company information.
  - f) In summary, Directors must not put themselves in a position where their personal interest is in conflict with the interest of the Company, or the interests of their family, friends, partners or other entities (e.g. companies where ownership exceeds a 10% interest) are in conflict with the interests of the Company.
- 4.5 In general, Directors must refrain from engaging in personal activities that would injure or take advantage of the Company. They must not use their position of trust and confidence to further their private interests at the expense of the Company.
- 4.6 It is the responsibility of a Director to disclose his or her own interests which may conflict with, or have the appearance of conflict with, the interest of the Company. Having declared his/her interest, the Director must refrain from participating in, discussing, or voting on any matter relating to the conflict of interest.
- 5. Corporate Opportunity**
- 5.1 Directors, officers and employees are prohibited from
- (a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position;
  - (b) using corporate property, information or position for personal gain; and
  - (c) competing with the Company.
- 5.2 Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

## **6. Confidentiality**

- 6.1 Directors, officers and employees must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers or customers, except when disclosure is specifically authorized by the Board of Directors or required by laws, regulations or legal proceedings.
- 6.2 Confidential information includes all non-public information that might be material to investors or of use to competitors of the Company or harmful to the Company or its customers or employees if disclosed.

## **7. Fair Dealing**

- 7.1 We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, and not through unethical or illegal business practices.
- 7.2 Each director, officer and employee is expected to deal fairly with the Company's customers, suppliers, competitors, officers and employees.
- 7.3 No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing.

## **8. Protection And Proper Use Of The Company Assets**

- 8.1 All directors, officers and employees should protect the Company's assets and ensure their efficient use.
- 8.2 All the Company assets should be used only for legitimate business purposes.

## **9. Insider Trading**

- 9.1 There is a statutory prohibition on insider trading. Directors have a duty to ensure they do not profit by trading in the Company's securities with information that they have about the Company as a result of their position as a Director until that information has been generally disclosed. Directors are obliged to comply with the Company's policy regarding insider trading.

## **10. Public Company Reporting**

- 10.1 As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with the Company, an employee, officer or director may be called upon to provide necessary information to assure that the Company's public

reports are complete, fair and understandable. The Company expects employees, officers and directors to take this responsibility very seriously.

## **11. Financial Statements And Other Records**

- 11.1 All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform to both applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.
- 11.2 Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, the Board of Directors must be consulted.

## **12. Loans To Directors And Officers**

- 12.1 The Company has determined that it is inappropriate to provide loans to its Directors and officers. Therefore, it is the policy of the company that such loans shall be prohibited.

## **13. Reporting Illegal Or Unethical Behavior**

- 13.1 Employees, officers and directors who suspect or know of violations of this Code or illegal or unethical business or workplace conduct by employees, officers or directors have an obligation to contact either their supervisor or superiors.
- 13.2 If the individuals to whom such information is conveyed are not responsive, or if there is reason to believe that reporting to such individuals is inappropriate in particular cases, then the employee, officer or director may contact the Managing Director of the Company. Such communications will be kept confidential to the extent feasible. If the employee is still not satisfied with the response, the employee may contact the Chairman of the Board or any of the Company's independent directors.

## **14. Compliance**

- 14.1 The Board should be responsible for monitoring compliance with the Code. The company's Managing Director must certify to the Board each year that he or she is not aware of any violation by the company of the corporate governance standards.

**15. Non-Retaliation**

- 15.1 The Company prohibits retaliation of any kind against individuals who have made good faith reports or complaints of violations of this Code or other known or suspected illegal or unethical conduct.

**16. Amendment, Modification And Waiver**

- 16.1 This Code may be amended or modified by the Board of Directors of the Company. Waivers of this Code may only be granted by the Board of Directors or a committee of the Board with specific delegated authority to do so.