



## CHARTER OF THE BOARD

### Section 1 PURPOSE

This charter prescribes the role of the board of directors (the "**Board**") of Supremex Inc. (the "**Corporation**"). This charter is subject to the articles of arrangement and by-laws of the Corporation and to applicable laws. This charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by such articles, by-laws and applicable laws. The Board members are elected annually by the shareholders of the Corporation and together with those appointed to fill vacancies or appointed as additional Board members throughout the year, collectively constitute the Board.

### Section 2 ROLE

The prime stewardship responsibility of the Board is to ensure the viability of the Corporation and to ensure that it is managed in the interests of the shareholders as a whole.

The Board establishes the overall policies for the Corporation, monitors and evaluates the Corporation's strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management. Accordingly, in addition to the duties of directors of a Canadian corporation as prescribed by applicable laws, the mandate of the Board is to supervise the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation's resources are being managed in a manner consistent with enhancing shareholder value, ethical considerations and stakeholders' interests. In discharging their duties, Board members must act honestly and in good faith, with a view to the best interests of the Corporation. Board members must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### Section 3 COMPOSITION

#### *Selection*

The Board shall be comprised of that number of Board members as shall be determined from time to time by the Board upon recommendation of the Corporate Governance Committee of the Board.

The Corporate Governance Committee of the Board maintains an overview of the desired size of the Board, the need for recruitment and the expected skill-set of the new candidates. The Corporate Governance Committee reviews and recommends to the Board the candidates for nomination as Board members. The Board approves the final choice of candidates for nomination and election by the shareholders.

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the geographical areas in which the Corporation operates. Board members selected should be able to commit the requisite time for all of the Board's business.

#### *Chairman and Lead Member*

A Chairman of the Board shall be appointed by the Board. If the President or any senior executive of the Corporation is also the Chairman of the Board, a Lead Member to the Board shall be appointed among the Board's independent members. The Lead Member shall ensure that the Board carries its responsibilities effectively and its role and responsibilities shall be set out in a written charter.

#### *Independence*

A majority of the Board shall be composed of Board members who must be determined to have no material relationship with the Corporation and who, in the reasonable opinion of the Board, must be independent under the laws, regulations and listing requirements to which the Corporation is subject.

### ***Criteria for Board membership***

Board members are expected to possess the following characteristics and traits:

- (a) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (b) act honestly and in good faith with a view to the best interests of the Corporation;
- (c) devote sufficient time to the affairs of the Corporation and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as Committee members;
- (d) provide independent judgment on a broad range of issues;
- (e) understand and challenge the key business plans of the Corporation;
- (f) raise questions and issues to facilitate active and effective participation in the deliberations of the Board and of each Committee;
- (g) make all reasonable efforts to attend all Board and Committee meetings; and
- (h) review the materials provided by management in advance of the Board and Committee meetings.

### ***Term limits and retirement age for Board members***

The Board has determined that neither fixed term limits nor a compulsory retirement age for Board members should be established. The Board is of the view that such a policy would have the effect of forcing Board members off the Board who have developed, over a period of service, increased insight into the Corporation and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide on-going input of fresh ideas and views. The Board will therefore use the formal evaluation of its Board members every second year to consider the appropriate term limitations, if any.

## **Section 4 COMPENSATION**

The Board determines from time to time upon the recommendation of the Corporate Governance Committee that the independent Board members should be compensated in a form and amount which is appropriate and which is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation.

## **Section 5 RESPONSIBILITIES**

Without limiting the Board's governance obligations, general Board responsibilities shall include the following:

### ***With respect to strategic planning***

- (a) Approving the Corporation's long-term strategy, taking into account, amongst other matters, business opportunities and risks.
- (b) Approving and monitoring the implementation of the Corporation's annual business plan.
- (c) Advising management on strategic issues.

### ***With respect to human resources and performance assessment***

- (a) Choosing the President and approving the appointment and retirement of other individual reporting directly to the Chief Executive Officer (collectively, the "**Key Employees**").
- (b) Monitoring and assessing the performance of the President and the Key Employees and approving their compensation, taking into consideration Board expectations and fixed goals and objectives. The President shall have the authority to terminate any Key Employee provided that the President has first informed the Board of his motives supporting such decision and that the Board has had the opportunity to discuss such termination with the President in advance of any final decision being communicated to said Key Employee.
- (c) Monitoring management and Board succession planning process.

***With respect to financial matters and internal control***

- (a) Monitoring the integrity and quality of the Corporation's financial statements and the appropriateness of their disclosure.
- (b) Reviewing the general content of, and the Audit Committee's report on the financial aspects of, the Corporation's Annual Information Form, Annual Report, Management Proxy Information Circular, Management's Discussion and Analysis, prospectuses and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities.
- (c) Approving annual operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investment or divestitures.
- (d) Determining dividend policies and procedures.
- (e) Taking all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
- (f) Monitoring the Corporation's internal control and management information systems.
- (g) Monitoring the Corporation's compliance with applicable legal and regulatory requirements.
- (h) Reviewing at least annually the Corporation's communications policy and monitoring the Corporation's communications with analysts, investors and the public.

***With respect to risks***

- (a) Monitoring the Corporation's risks, their evaluation of probability of occurrence and potential impact along with risk mitigation strategies.
- (b) Monitoring of any major changes to the Corporation's risk profile and mitigation strategies.
- (c) Reviewing at least annually the appropriateness of public risk disclosure.

***With respect to corporate governance matters***

- (a) Monitoring the size and composition of the Board and its Committees based on competencies, skills and personal qualities sought in Board members.
- (b) Approving the list of Board nominees for election by shareholders.
- (c) Taking all reasonable measures to satisfy itself as to the integrity of the President and other executive officers and that management creates a culture of integrity throughout the Corporation.
- (d) Reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback, and the adequate public disclosure thereof.
- (e) Adopting and reviewing, on a regular basis, the Corporation's Code of Business Ethics and Conduct (the "**Code**") applicable to the directors, executive officers and other officers and employees of the Corporation and monitoring compliance with such Code.

***With respect to other matters***

- (a) Overseeing the development and implementation, and assessing and monitoring, environmental, safety and security policies, procedures and guidelines of the Corporation.
- (b) Overseeing the Whistleblower Procedures, including in respect of financial matters.

## **Section 6        MEETINGS**

The Board will meet at least quarterly, with additional meetings scheduled as required. Each director has a responsibility to attend and participate in meetings of the Board. The Chairman will prepare and distribute the meeting agenda and minutes to the Board.

Information and materials that are important to the Board's understanding of the agenda items and related topics are distributed in advance of a meeting. The Corporation will deliver information on the business, operations and finances of the Corporation to the Board on an as required basis.

On the occasion of each Board meeting, non-management Board members will meet in camera session under the chairmanship of the Chairman or the Lead Member, if any. Additional meetings may be held at the request of any Board member. The Chairman or Lead Member, as the case may be, will forward to the President any questions, comments or suggestions of the Board members.

## **Section 7        BOARD COMMITTEES**

There are four Committees of the Board: the Audit Committee, the Corporate Governance Committee, the Human Resources Committee, and the Pension Investment Committee. The roles and responsibilities of each Committee are described in the respective Committee charters.

The Audit Committee, the Corporate Governance Committee, the Human Resources Committee, and the Pension Investment Committee shall each have at least three members who have no material relationship with the Corporation and such members shall be otherwise independent under the laws, regulations and listing requirements to which the Corporation is subject.

## **Section 8        ADVISERS**

The Board may engage outside advisors at the expense of the Corporation in order to assist the Board in the performance of its duties and set and pay the compensation for such advisors.

The Board has determined that any Board member who wishes to engage a non-management advisor to assist on matters involving the Board member's responsibilities as a Board member at the expense of the Corporation should review the request with, and obtain the authorization of, the Chairman of the Board.

## **Section 9        BOARD INTERACTION WITH THIRD PARTIES**

If a third party approaches a Board member on a matter of interest to the Corporation, the Board member should bring the matter to the attention of the Chairman who shall determine whether this matter should be reviewed with management or should more appropriately be dealt by the Board in camera session.

## **Section 10       COMMUNICATION WITH THE BOARD**

Shareholders and other constituencies may communicate with the Board and individual board members by contacting any one of the Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Corporate Governance Committee, the Chairman of the Human Resources Committee, or the Chairman of the Pension Investment Committee.

## **Section 11       OTHER MATTERS**

The Board expects Board members, as well as officers and employees of the Corporation to act ethically at all times and to acknowledge their adherence to the policies comprising the Code. The Board, with the help of the Corporate Governance Committee, is responsible for monitoring compliance with the Code.

Board members shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the Board member has a conflict of interest. In addition, the Board member shall excuse himself or herself from any discussion or decision on any matter in which the Board member is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.