



CHARTER OF THE GOVERNANCE & COMPENSATION COMMITTEE

February 25, 2015

Charter of the Governance & Compensation Committee

1. INTERPRETATION

"**Committee**" means the Governance & Compensation Committee of the Board of Directors of the Company.

"**Independent Director**" means a director who is independent within the meaning of sections 1.4 and 1.5 of *Regulation 52-110 Respecting Audit Committees*.

2. OBJECTIVES

The Committee is responsible for: (a) developing the Company's approach to Board governance issues and the Company's response to the corporate governance guidelines; (b) reviewing the composition and contribution of the Board and its members and recommending Board nominees; (c) overseeing the orientation program for new directors; (d) helping to maintain an effective working relationship between the Board of Directors of the Company and management; (e) reviewing and making recommendations to the Board of Directors of the Company for the appointment of Senior Executives of the Company and for determining terms of employment of Senior Executives; and (f) reviewing succession planning and matters of compensation as well as such other matters the Committee may consider suitable with respect to compensation or as may be specifically directed by the Board of Directors of the Company from time to time.

3. COMPOSITION

3.1 The Committee shall consist solely of Independent Directors.

3.2 The Board of Directors shall appoint one of the Independent Directors as the Chair of the Committee. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting.

4. MEETINGS

4.1 Meetings of the Committee shall be held at the call of the Chair, but not less than twice annually. Meetings of the Committee may be called by the Chair of the Committee, the Chairman of the Board or the Chief Executive Officer.

4.2 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than three members of the Committee from time to time and a member may attend a meeting of the Committee by telephone. Subject to the foregoing requirement, unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

- 4.3 Notice of each meeting shall be given to each member, to the Chairman of the Board, to the Chief Executive Officer and to the Corporate Secretary of the Company.
- 4.4 The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee.
- 4.5 The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.

5. RESPONSIBILITIES AND DUTIES

5.1 Role and responsibilities of the Committee Chair:

5.1.1 The Chair of the Committee:

5.1.1.1 Provides leadership for the committee by ensuring that:

- (i) The responsibilities of the committee are well understood by committee members and management.
- (ii) The committee works as a cohesive team.
- (iii) Adequate resources and timely and relevant information are available to the committee to support its work.
- (iv) The effectiveness of the committee is assessed on a regular basis.
- (v) The committee's structure and mandate is appropriate and adequate to support the discharge of the committee's responsibilities.
- (vi) The scheduling, organization and procedures of committee meetings provide adequate time for the consideration and discussion of relevant issues.

5.1.1.2 Works with the Chairman of the Board and Corporate Secretary to set the calendar of the committee's regular meetings.

5.1.1.3 Has the authority to convene special meetings as required.

- 5.1.1.4 Sets the agenda in collaboration with the Chairman of the Board and the Corporate Secretary.
- 5.1.1.5 Presides at meetings.
- 5.1.1.6 Acts as liaison with management with regard to the work of the committee.
- 5.1.1.7 Reports to the Board concerning the work of the committee.
- 5.1.1.8 Exercises the authority specifically delegated to the Chair by the Committee, if any.

5.2 General Responsibilities

Board Members

- 5.2.1 Review criteria regarding the composition of the Board of Directors and committees of the Board of Directors, such as size, proportion of Independent Directors and as to criteria to the profile of the Board of Directors (age, geographical representation, disciplines, etc.) and establish a Board of Directors comprised of members who facilitate effective decision-making.
- 5.2.2 Review any change in the principal occupation of a Board member as such change may affect such Board member's eligibility to remain on the Board of Directors. Upon its review, the Committee shall make a recommendation to the Board of Directors.
- 5.2.3 Review any submission by a Board member wishing to be appointed to any third party's board of directors, prior to his/her acceptance, as such potential appointment may affect such Board member's eligibility to remain on the Board of Directors. Upon its review, the Committee shall make a recommendation to the Board of Directors.
- 5.2.4 Review criteria relating to tenure as a director, such as limitations on the number of times a director may stand for re-election, and the continuation of directors in an honorary or similar capacity.
- 5.2.5 Review criteria for retention of directors unrelated to age or tenure, such as attendance at Board of Directors and committee meetings, health or the assumption of responsibilities which are incompatible with effective Board of Directors membership; and assess the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors, the contribution of individual directors on

an ongoing basis and establish in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities it seeks in new Board members in order to add value to the Company.

- 5.2.6 Recommend to the Board of Directors the list of candidates for directors to be nominated for election by shareholders at annual meetings of shareholders.
- 5.2.7 Recommend to the Board of Directors candidates to fill vacancies on the Board of Directors occurring between annual meetings of shareholders.
- 5.2.8 Recommend to the Board of Directors the removal of a director in exceptional circumstances, for example (a) such director is in a position of conflict of interest or (b) the criteria underlying the appointment of such director change.
- 5.2.9 Ensure that the Board of Directors can function independently of management. To this end, arrange for meetings on a regular basis of the Independent Directors without management present. In such cases, meetings will be chaired by the Chairman of the Board.

Director Orientation

- 5.2.10 As an integral element of the process for appointing new directors, put in place an orientation and education program for new recruits to the Board of Directors and review from time to time the value and benefit of such program, and ascertain and make available to its members, when required, continuing education as per the business and operations of the Company.

Compliance

- 5.2.11 Ensure corporate compliance with applicable legislation including director and officer compliance.
- 5.2.12 Review proposed amendments to the Company's by-laws before making recommendations to the Board of Directors.

Codes of Business Conduct

- 5.2.13 Periodically review and make recommendations to the Board of Directors with respect to the Company's formal code of ethics and business conduct for its members, directors and officers and its executive code of conduct applicable to the Company's principal executive officer, principal financing officer, principal accounting

officer or controller, or other persons performing similar functions within the Company, including, subject to the Company's obligations under section 2.3 of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices*, the disclosure of the adoption of such codes.

- 5.2.14 Monitor adherence to the codes and review potential situations related thereto brought to the attention of the Committee by the Corporate Secretary of the Company in order to recommend or not in certain circumstances to the Board of Directors to grant or not waivers from compliance with the codes for directors and officers. The Committee shall also ensure that when such waivers are granted, the Board of Directors shall disclose same in due time and specify the circumstances and rationale for granting the waiver.

Corporate Governance Principles

- 5.2.15 Make recommendations to the Board of Directors as deemed appropriate in the context of adherence to corporate governance guidelines in effect from time to time.
- 5.2.16 In conjunction with the Chairman of the Board, recommend to the Board of Directors the membership and chairs of the committees of the Board of Directors and their rotation.
- 5.2.17 Review annually the Board/management relationship.
- 5.2.18 Advise the Board of Directors on the disclosure to be contained in the Company's public disclosure documents, such as the Company's annual management proxy circular or annual report, on matters of corporate governance as required by the Toronto Stock Exchange or any other applicable exchange or regulator.
- 5.2.19 Generally advise the Board of Directors on all other matters of corporate governance.

External and Internal Resources

- 5.2.20 Retain such independent external advisors as it may deem necessary and advisable for its purposes.
- 5.2.21 Report to the Board of Directors on its proceedings, reviews undertaken, and any associated recommendations.
- 5.2.22 Have adequate resources to discharge its responsibilities.

- 5.2.23 Have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.
- 5.2.24 The Chair of the Committee shall review whether it is opportune for the Board of Directors of the Company or individual directors to retain external advisors at the expense of the Company in certain appropriate circumstances in carrying out their responsibilities.

Shareholder Proposals

- 5.2.25 Review and make recommendations on shareholder proposals to the Board of Directors or refer them to the Chairman of the Board as appropriate.

Human Resources and Compensation

- 5.2.26 Advise the Board of Directors on human resources planning, compensation of members of the Board of Directors, Executive Officers and other employees, short and long-term incentive plans, benefit plans, and Executive Officer appointments.
- 5.2.27 Review and report to the Board of Directors on:
 - 5.2.27.1 Management's succession plans for Executive Officers, with special emphasis on the Chairman of the Board and Chief Executive Officer succession;
 - 5.2.27.2 Compensation philosophy of the organization, including a remuneration strategy and remuneration policies for the Executive Officer level, as proposed by the Chief Executive Officer;
 - 5.2.27.3 Recommendations to the Board of Directors for the appointment of the Chairman of the Board, the Chief Executive Officer and other Executive Officers, corporate objectives which the Chief Executive Officer and such other Executive Officers, as the case may be, are responsible for meeting, assessment of the Chief Executive Officer against these objectives, monitoring of the Chief Executive Officer's performance and providing advice and counsel in the execution of his duties;
 - 5.2.27.4 Total remuneration plan including adequacy and form of compensation realistically reflecting the responsibilities and risks of the position of Chief Executive Officer of the Company and, in connection therewith, consider

appropriate information, including information from the Board of Directors with respect to the overall performance of the Chief Executive Officer;

- 5.2.27.5 Remuneration for Executive Officers, annual adjustment to executive salaries, and the design and administration of short and long-term incentive plans, stock options, benefits and perquisites as proposed by the Chief Executive Officer;
- 5.2.27.6 Employment and termination arrangements for senior management;
- 5.2.27.7 Adoption of new, or significant modifications to, pay and benefit plans;
- 5.2.27.8 Appointment of new officers as appropriate;
- 5.2.27.9 Significant organizational changes;
- 5.2.27.10 The Committee's proposed executive compensation report to be contained in the Company's annual proxy circular;
- 5.2.27.11 Management development programs for the Company;
- 5.2.27.12 Any special employment contracts or arrangements with officers of the Company including any contracts relating to change of control; and
- 5.2.27.13 Remuneration for members of the Board of Directors and committees thereof, including adequacy and form of compensation realistically reflecting the responsibilities and risks of the positions and recommend changes where applicable.

5.3 Other Responsibilities

The Committee shall perform such other duties as may from time to time be assigned to it by the Board of Directors including those relating to compensation of officers and senior employees and the manpower resources of the Company.

5.4 Review of Mandate of the Committee

The Board of Directors should review and reassess the adequacy of the mandate on an annual basis.

5.5 Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.