

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

The primary responsibility of the Board of Directors is to foster the long-term success of the Corporation consistent with the Board's fiduciary responsibility to the Corporation, and to maximize shareholder value.

The Board operates by delegating certain of its authorities to management, including spending authorizations which are dealt with in the Corporation's General Authority Guidelines, and by reserving certain powers to the Board. The legal obligations of the Board are described in Section VII of this Appendix. Subject to certain legal obligations and to the Articles and By-Laws of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, electing Board committees and committee Chairs, and determining Directors' compensation. The Board's principal duties fall into six categories (described below).

II. SELECTION OF SENIOR MANAGEMENT

The Board has the responsibility:

- A. for the appointment and succession of the Chief Executive Officer and for monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- B. to consider the advice of the CEO and the recommendations of the Human Resources & Compensation Committee in approving the appointment and remuneration of officers;
- C. to ensure that plans have been made for management succession; and
- D. to monitor the training of senior management.

III. MONITORING AND ACTING

The Board has the responsibility:

- A. to monitor the Corporation's progress towards its goals and, through management, to revise and alter the Corporation's strategic plans in light of changing circumstances;
- B. to review and approve the annual budget, annual financing plans, any payment of dividends and new financings;
- C. to review and approve quarterly financial reports and the annual report;

- D. to take reasonable steps to identify the principal risks of the Corporation's businesses and to ensure the implementation of appropriate systems to manage such risks;
- E. to take reasonable steps to ensure the integrity and effectiveness of the Corporation's internal control and management information systems; and
- F. to monitor the actions of management, including achievement of strategic plans and objectives and a review of quarterly reports.

IV. STRATEGY DETERMINATION

The Board has the responsibility:

- A. to review the strategic plan, including strategies and policies which are used to develop the strategic plan, and which support the achievement of the Corporation's goals; and
- B. to monitor progress in respect of the achievement of the goals established in the strategic plan and to initiate corrective action when required.

V. POLICIES AND PROCEDURES

The Board has the responsibility:

- A. to review and monitor compliance with all significant policies and procedures by which the Corporation is governed and operated; and
- B. to require that management of the Corporation operate at all times within applicable laws and regulations and to the highest ethical and moral standards.

VI. COMPLIANCE REPORTING AND CORPORATE COMMUNICATIONS

The Board has the responsibility:

- A. to require that the financial performance of the Corporation be adequately reported to shareholders and other relevant stakeholders¹ on a timely and regular basis;
- B. to require that the financial results of the Corporation are reported fairly and in accordance with applicable laws and generally accepted accounting principles;
- C. to require the timely reporting of any developments that have a significant and material impact on the value of the securities of the Corporation;

¹ Stakeholders include employees, customers, suppliers, regulators, governments, and the communities in which the Corporation operates.

- D. to require that the Corporation have in place a policy to enable the Corporation to communicate effectively with its shareholders, stakeholders and the public generally; and
- E. to report annually to shareholders on the Board's organization, activities and stewardship for the preceding year (in the Annual Report).

VII. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A. The Board is responsible for directing management to ensure that legal and regulatory requirements are met, and that documents and records are properly prepared, approved and maintained; and
- B. Canadian law identifies the following as specific legal requirements for the Board:
 - (i) to "manage" the business and affairs of the Corporation (*Canada Business Corporations Act* (the "CBCA"); including the relationships among the Corporation, its subsidiaries and affiliates, their shareholders, directors and officers;
 - (ii) to act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) to exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances;
 - (iv) to act in accordance with the Board's obligations contained in the CBCA, the securities laws of applicable provinces and territories of Canada, other relevant legislation, regulations and policies, and the Corporation's Articles and By-Laws;
 - (v) to recommend the appointment of an auditor to the shareholders and fix the remuneration of the auditor if not fixed by the shareholders;
 - (vi) pursuant to the CBCA, the following matters must be considered by the Board as a whole:
 - (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
 - (b) fill a vacancy among the Directors or in the office of auditor;
 - (c) authorize the issuance of securities;
 - (d) declare dividends;
 - (e) purchase, redeem or otherwise acquire shares issued by the Corporation;

- (f) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- (g) approve any required management proxy circulars;
- (h) approve any required take-over bid circulars or Directors' circulars;
- (i) approve any required financial statements; or
- (j) adopt, amend or repeal the By-Laws of the Corporation.