



**IBI GROUP INC.  
CHARTER OF THE GOVERNANCE AND COMPENSATION COMMITTEE**

**I. PURPOSE**

1. The Governance and Compensation Committee (the “**Committee**”), is a standing committee appointed by the Board of Directors (the “**Board**”) of IBI Group Inc. (the “**Corporation**”). The Committee is responsible for overseeing and assessing the functioning of the Board and its committees; and for the development, recommendation to the Board, implementation and assessment of effective corporate governance principles. The Committee’s responsibilities include identifying candidates for director and recommending that the Board select qualified director candidates for election at the next annual meeting of shareholders (the “**Annual Meeting**”). The Committee shall assist the Board in discharging the Board’s oversight responsibilities relating to the compensation and retention of key senior management employees, and in particular the Chief Executive Officer and President, with the skills and expertise needed to enable the Corporation to achieve its goals and strategies at fair and competitive compensation and appropriate performance incentives.

**II. PROCEDURES, POWERS AND DUTIES**

**PROCEDURES**

2. The Committee shall have the following procedures:
  - a. *Composition* - The Committee shall be comprised of three or more directors, each director being an “independent” director (as defined under applicable legal requirements, and the rules of any stock exchange on which the Corporation’s securities are listed for trading).
  - b. *Appointment and Replacement of Committee Members* - Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her appointment or until his or her successor shall be duly appointed and qualified.

- c. *Committee Chair* - Unless a Chair of the Committee is designated by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Chair of the Committee shall be responsible for the leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.
- d. *Conflicts of Interest* - If the Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Chair of the Committee. The member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in consideration of the matter and shall not vote on the matter.
- e. *Compensation of Committee Members* - The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.
- f. *Meetings* - The Committee shall meet regularly at the times necessary to perform the duties described herein in a timely manner, but not less than two times a year. The Committee shall meet without management present at every meeting. Meetings may be held at any time deemed appropriate by the Committee.
- g. *Calling of Meetings* - The Committee shall meet as often as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including email or other electronic means that produces a written copy, to each member of the Committee at least 48 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before each Committee meeting in sufficient time to provide adequate opportunity for their review.
- h. *Quorum* - Three members constitute a quorum for the transaction of the Committee's business.
- i. *Chair of Meetings* - If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by those members present to preside at the meeting.
- j. *Secretary of Meeting* - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the

Chair of the Committee fails to designate such a person, the corporate secretary of the Corporation shall be secretary of the Committee. The agenda of the Committee meeting will be prepared by the Chair of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.

- k. *Minutes* - Minutes of the proceedings of the Committee shall be kept in a minute book provided for that purpose. The minutes of the Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.
- l. *Separate Executive Meetings* - The Committee shall meet periodically with the Chief Executive Officer and/or the President and such other officers of the Corporation as the Committee may determine to discuss any matters that the Committee or such individuals believes should be discussed privately.
- m. *Professional Assistance* - The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Corporation's expense including sole authority to retain and terminate any search firm to be used to identify director candidates and to approve any such firm's fees and other retention terms.
- n. *Reporting to the Board* - The Committee will report through the Chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- o. *Outsiders May Attend Meeting* - The Committee may ask members of management or others to attend meetings or to provide information as necessary.

## **POWERS**

- 3. The Committee shall have the following powers:
  - a. *Access* - The Committee is entitled to full access to all books, records, facilities, and personnel of the Corporation and its subsidiaries. The Committee may require such officers, directors and employees of the Corporation and its subsidiaries and others as it may see fit from time to time to provide any information about the Corporation and its subsidiaries it may deem appropriate and to attend and assist at meetings of the Committee.
  - b. *Delegation* - The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

- c. *Adoption of Policies and Procedures* - The Committee may adopt policies and procedures for carrying out its responsibilities.

#### **BOARD COMPOSITION AND DIRECTOR NOMINATIONS**

4. The Committee shall identify, and recommend to the Board, qualified director nominees.
5. The Committee shall:
  - a. review from time to time the size of the Board;
  - b. develop and review periodically standards to be applied in making determinations as to the presence or absence of material relationships between a Director and the Corporation;
  - c. review annually the competencies, skills and personal qualities required of directors in order to add value to the Corporation, in light of:
    - (i) the opportunities and risks facing the Corporation and the Corporation's proposed strategy;
    - (ii) the need to ensure that (A) a majority of the Board is comprised of individuals, each of whom is an "independent" director; and (B) the qualifications of directors satisfy the regulatory and legal requirements binding on the Board (as such term and requirements respectively, are defined from time to time under applicable law, and the rules of any stock exchange on which the Corporation's securities are listed for trading); and
    - (iii) the Corporation's corporate governance guidelines and Board policies with respect to director tenure, retirement and succession and the number of boards on which directors may sit.
  - d. review periodically the competencies, skills and personal qualities of each existing director, and the contributions made by the director to the effective operation of the Board and review any significant change in the primary occupation of the director; and
  - e. in light of all of the above, make recommendations for changes to the composition of the Board.
6. The Committee shall recruit and consider candidates for director, including any candidates recommended by shareholders, having regard for the background, employment and qualifications of possible candidates. The Committee shall:
  - a. consider whether the candidate's competencies, skills and personal qualities are aligned with the Corporation's needs and any criteria for selecting new directors established by the Board; and

- b. ensure the candidate understands the demands and expectations of a director of the Corporation.

#### **CORPORATE GOVERNANCE**

7. The Committee is responsible for reviewing the Corporation's approach to governance issues and revising the Corporation's corporate governance guidelines. The Committee shall make recommendations to the Board respecting the adoption of a Board policy limiting the number of boards on which directors may serve and Board policies with respect to director tenure, retirement, succession, shareholdings and interlocking directorates.
8. The Committee shall periodically review the need to establish, amend or restate, as applicable, communications protocols for communicating with shareholders and stakeholders, and a shareholder rights plan for the Corporation.
9. The Committee shall assess any shareholder proposals to be included in the management information circular prepared in connection with the Annual Meeting and make appropriate recommendations to the Board.

#### **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

10. The Committee shall oversee an orientation program to familiarise new directors with the Corporation's business and operations, including the Corporation's reporting structure, strategic plans, significant financial, accounting and risk issues and compliance programs and policies, management and the external auditors. The Committee shall also oversee ongoing educational opportunities for all directors.

#### **BOARD EVALUATIONS**

11. The Committee shall review and make recommendations to the Board for changes to the Mandate for the Board and the position description for the Chair of the Board.
12. The Committee shall conduct annual surveys of directors with respect to their views on the effectiveness of the Board, the Chair of the Board, each committee of the Board and its Chair.
13. The Committee shall evaluate the performance of the Chair of the Board and the Chair of each Committee, having regard for the position descriptions for the Board and Board Chair and the results of annual surveys of the directors, attendance at Board and Board committee meetings and overall contribution.
14. The Committee shall also annually assess the effectiveness of the Board as a whole and each committee of the Board, including this Committee, and make recommendations to the Board.

## **OPERATIONS OF THE BOARD**

15. The Committee shall assess the needs of the Board and make recommendations with respect to rules and guidelines governing and regulating the affairs of the Board, including:
  - a. the frequency and location of Board and committee meetings;
  - b. procedures for establishing meeting agendas and the conduct of meetings; and
  - c. the availability, relevance and timeliness of discussion papers, reports and other information required by the Board.

## **BOARD COMMITTEES**

16. At the first meeting of the Board following each annual meeting of shareholders, the Chair of the Committee shall recommend to the Board the allocation of directors to each of the Board committees. Thereafter, when a vacancy occurs at any time in the membership of any Board committee, the Committee shall recommend a particular director to the Board to fill such vacancy.
17. The Committee shall review from time to time, the charters of the Committee and of the Board and make recommendations regarding the charters to the Board and recommend timely changes in the role, size, composition and structure of Board and its committees.

## **BOARD INDEPENDENCE**

18. The Committee shall monitor and assess the relationship between the Board and management, defining the limits to management's responsibilities and making such recommendations as it may deem necessary with a view to ensuring that the Board is able to function independently of management.

## **REPORTING AND DISCLOSURE REQUIREMENTS**

19. The Committee shall annually review and approve the disclosure of the Corporation's corporate governance practices to be made in the management information circular prepared in connection with the Corporation's annual meeting of shareholders, and on the Corporation website.

## **DIRECTOR COMPENSATION AND PROTECTION**

20. The Committee shall recommend to the Board the terms upon which directors shall be compensated. The Committee shall recommend terms for the compensation of directors, the Chair of the Board and those acting as committee chairs that adequately reflect the responsibilities they are assuming.
21. Subject to applicable law and the articles and by-laws of the Corporation, the Committee is responsible for administering all policies and practices of the

Corporation with respect to the indemnification of directors by the Corporation and for approving all payments made pursuant to such policies and practices.

#### **COMPENSATION OF SENIOR OFFICERS**

22. The Committee shall annually:

- a. periodically review and revise position descriptions for the Chief Executive Officer and for the President and recommend annual performance goals and criteria for the Chief Executive Officer and for the President, evaluate the performance of the Chief Executive Officer and the President against their respective position descriptions and applicable performance goals and criteria and set the level of compensation of the Chief Executive Officer and of the President based on this evaluation;
- b. review the evaluations by the Chief Executive Officer and by the President of the performance of the other officers of the Corporation appointed by the Board and such other employees of the Corporation or any subsidiary of the Corporation as may be identified to the Committee by the Board (collectively, the “**Designated Employees**”) and review the recommendations of the Chief Executive Officer and the President with respect to the amount and terms of compensation to be provided to the Designated Employees; and
- c. review, assess the competitiveness and appropriateness of, and approve the compensation package of the Chief Executive Officer, the President and each of the Designated Employees. In conducting such review, the Committee shall consider:
  - (i) the compensation packages of the Chief Executive Officer, the President and the Designated Employees for the prior year;
  - (ii) the Committee’s evaluation of the performance of the Chief Executive Officer and of the President and the such officers’ evaluations of the performance of the respective Designated Employees;
  - (iii) the Corporation’s performance and relative shareholder return;
  - (iv) whether the compensation package reflects an appropriate balance between short and longer-term incentives to improve the performance of the Corporation;
  - (v) the competitiveness of the compensation package, including the value of similar incentive awards paid to equivalent officers and positions at comparable companies; and
  - (vi) the awards granted to the Chief Executive Officer, the President and Designated Employees in previous years.

23. The Committee shall review and approve any employment contracts or arrangements with the Chief Executive Officer, the President and other key executives and approve the material terms of any employment contracts or arrangements with Designated Employees, including any retiring allowance arrangements, severance payments or any similar arrangements to take effect in the event of a termination of employment or change of control.

#### **DIRECTORS' AND ASSOCIATE DIRECTORS' COMPENSATION AMOUNT**

24. The compensation of the Chief Executive Officer, the President and the other Designated Employees reviewed by the Committee shall be inclusive of the portion of the Directors' and Associate Directors' Compensation Amount allocable to such individuals.
25. The Committee shall review the policies and practices for determining the Directors' and Associate Directors' Compensation Amount, and the Chief Executive Officer's and the President's recommendations regarding the aggregate Directors' and Associate Directors' Compensation Amount and shall approve the aggregate Directors' and Associate Directors' Compensation Amount payable by IBI Group to the Management Partnership.

#### **COMPENSATION POLICIES**

26. The Committee shall review and recommend to the Board compensation policies and processes and any new incentive compensation and equity compensation plans of the Corporation or changes to such plans and in particular, the compensation policies, processes and plans respecting the Chief Executive Officer and the President, the Designated Employees and the Directors and Associate Directors.
27. The Committee shall administer the short term incentive plan (the "STIP"), the stock option plan (the "LTIP"), and the performance share unit plan (the "PSUP" and collectively with the STIP and the LTIP, the "Plans"), of the Corporation and make recommendations respecting the awards granted under each of the Plans, including recommending who should receive such awards and the terms thereof, the overall level of outstanding options and changes to the Plans, as applicable.

#### **SUCCESSION PLANNING**

28. The Committee shall periodically review with the Chair of the Board and the Chief Executive Officer the succession plans relating to the position of the Chief Executive Officer and other senior positions and make recommendations to the Board with respect to the selection of individuals to occupy these positions.
29. The Committee shall review plans in respect of an unexpected incapacitation of the Chief Executive Officer.

#### **LOANS TO DIRECTORS AND SENIOR OFFICERS**

30. The Committee shall review management's policies and practices respecting the Corporation's compliance with applicable legal prohibitions, disclosure requirements or other requirements on making or arranging for personal loans to directors and senior officers or amending or extending any such existing personal loans or arrangements.

#### **INSIDER TRADING**

31. The Committee shall periodically review and revise as necessary the Corporation's policy on insider trading respecting the Corporation's securities, which includes mandatory black-out periods during which directors and senior management of the Corporation are prohibited from trading in securities of the Corporation and ensure the ongoing communication of same.

#### **REPORTING REQUIREMENTS**

32. The Committee shall annually review compensation disclosure prepared in accordance with all applicable rules and regulations and disclosed in the management information circular prepared in connection with the Corporation's annual meeting of shareholders.

#### **GENERAL**

33. The Committee shall undertake on behalf of the Board such other corporate governance and compensation initiatives as may be necessary or desirable to enable the Board to provide effective corporate governance for the Corporation and contribute to the success of the Corporation and enhance shareholder value.

#### **III. REVIEW**

34. The Committee shall review and reassess the adequacy of this Charter periodically and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter.

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