



Board of Directors Charter

1. Membership

The Board of Directors (the “*Board*”) shall consist of such number of Directors, not greater than the maximum nor less than the minimum set out in the articles of Power Financial Corporation (the “*Corporation*”), at least a majority of whom shall be, at the time of each Director’s election or appointment, resident Canadians.

2. Procedural Matters

In connection with the discharge of its duties and responsibilities, the Board shall observe the following procedures:

- 2.1 **Meetings** – The Board shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder. The Board may meet at any place within or outside of Canada.
- 2.2 **Advisers** – The Board may, at the Corporation’s expense, engage such outside advisers as it determines necessary or advisable to permit it to carry out its duties and responsibilities.
- 2.3 **Quorum** – A quorum at any meeting of the Board shall be as fixed from time to time by the Board but unless so fixed a majority of the Directors shall constitute a quorum.
- 2.4 **Secretary** – The Chair of the Board (or, in his absence, the Deputy Chair) shall appoint a person to act as secretary of meetings of the Board.
- 2.5 **Calling of Meetings** – A meeting of the Board may be called by the Chair of the Board, the Deputy Chair, the President or a majority of the Directors, on not less than 48 hours’ notice to the members of the Board, unless otherwise provided in the by-laws specifying the place, date and time of the meeting. Meetings may be held at any time without notice if all members of the Board waive notice. If a meeting of the Board is called by anyone other than the Chair of the Board, the person(s) calling such meeting shall so advise him.
- 2.6 **Board Meeting Following Annual Meeting** – As soon as practicable after each annual meeting of shareholders there shall be held, without notice, a meeting of such of the newly elected Directors as are then present, provided that they constitute a quorum, at which meeting the Directors may appoint officers, the Chair of the Board and the members to and the Chair of each Board Committee, and may transact such other business as comes before the meeting.
- 2.7 **In-Camera Sessions** – At every regularly-scheduled meeting, the members of the Board who are independent of the Corporation’s management shall meet without members of management present, with such in-camera session to be chaired by the Lead Director.



3. Duties and Responsibilities

The Board shall supervise the management of the business and affairs of the Corporation and shall exercise, as appropriate, the powers vested in and exercisable by the Board pursuant to applicable laws and regulations. Without limiting the generality of the foregoing, the Board shall have the following duties and responsibilities, which it may discharge either directly or indirectly through one or more Committees of the Board. In fulfilling its duties and responsibilities, the Board will rely on the information, advice and recommendations provided to it by management, but will exercise independent judgment:

- 3.1 **Strategic Planning** – The Board shall approve strategic goals and objectives for the Corporation and it shall consider and approve management’s strategic initiatives. The Board shall also review and approve the Corporation’s annual financial plan.
- 3.2 **Review of Operations** – The Board shall:
 - a. monitor the implementation by management of the approved financial plan, and shall monitor financial and operating results and other material developments;
 - b. monitor the implementation and maintenance by management of appropriate systems, policies, procedures and controls to manage the risks associated with the Corporation’s businesses and operations;
 - c. approve significant acquisitions and dispositions, financings and other capital market transactions, capital management decisions, and other significant business and investment decisions and transactions; and
 - d. review and monitor those operational issues, including those of a regulatory nature, which in the view of management or the Board may have a potential material impact on the Corporation’s ongoing business, affairs and/or reputation.
- 3.3 **Disclosure and Communication Policies** – The Board shall:
 - a. approve policies with respect to the accurate, timely and full public disclosure of material information while maintaining confidentiality where necessary and permitted, and shall, where required, review specific disclosure documents; and
 - b. approve appropriate communication policies respecting the communication of information to the Corporation’s stakeholders and regulators.
- 3.4 **Financial Control** – The Board shall monitor the integrity of the Corporation’s financial reporting systems and the effectiveness of the Corporation’s internal controls and management information systems by:
 - a. overseeing the establishment and maintenance by management of appropriate financial control systems;
 - b. reviewing reports provided by management on material deficiencies in, or material changes to, internal controls;



- c. reviewing and approving the Corporation's annual and interim financial statements and annual Management's Discussion and Analyses, the Corporation's Annual Information Forms, and other public disclosure documents containing financial information requiring board approval; and
 - d. overseeing compliance with applicable audit, accounting and reporting requirements.
- 3.5 **Corporate Governance** – The Board shall oversee the development of the Corporation's approach to corporate governance, including the development of corporate governance policies, principles and guidelines, and shall approve such policies, principles and guidelines, as it deems appropriate.
- 3.6 **Senior Management** – The Board shall:
- a. approve a position description for, and the appointment of, the President and Chief Executive Officer (the "*Chief Executive Officer*"), and review and approve the criteria relevant to his compensation, evaluate his performance relative to that criteria, and fix his compensation based on such evaluation;
 - b. approve the appointment of senior management (taking into account the objectives of the Corporation's *Diversity Policy*), approve their compensation, and oversee the evaluation of their performance;
 - c. approve incentive compensation plans, equity compensation plans and other compensation plans for senior management, and approve compensation policies and guidelines applicable to employees of the Corporation; and
 - d. oversee the succession planning processes of the Corporation with respect to senior management.
- 3.7 **Clawback Policy** – The Board shall administer the Corporation's *Clawback Policy*.
- 3.8 **Director Orientation and Education** – All newly appointed Directors shall be provided with an orientation as to the nature and operation of the business and affairs of the Corporation and as to the role of, and expectations as to the contributions to be made by, the Board, of Board Committees and of each Director, and existing Directors shall be periodically updated in respect of the foregoing.
- 3.9 **Code of Conduct** – The Board shall support management in seeking to maintain a culture of integrity throughout the Corporation. The Board shall adopt, and subsequently oversee the implementation of, a *Code of business conduct and ethics* (the "*Code*") to promote integrity and deter wrongdoing that is applicable to Directors, officers and employees of the Corporation and that addresses, among other things, conflicts of interest (including procedures to identify and resolve conflicts and potential conflicts), protection and proper use of corporate assets and opportunities, confidentiality and use of confidential information, accounting complaints, fair dealing with all parties, compliance with applicable laws, rules and regulations and the reporting of illegal or unethical behaviour. The Board shall also require management to establish processes and procedures to monitor compliance with the Code.



3.10 **Lead Director** – The Board shall approve a position description for the Lead Director, if any.

3.11 **Board Committees** – The Board shall:

- a. establish an Audit Committee, a Related Party and Conduct Review Committee, a Governance and Nominating Committee, and a Compensation Committee, and may establish such other committees as it deems advisable to assist it in discharging its duties under this Charter, and may establish committee charters and otherwise delegate to those committees such duties and responsibilities as may be permitted by law and as it deems necessary or advisable; and
- b. approve position descriptions for the Chair of each Board Committee.

3.12 **Director Nomination, Compensation and Assessment** – The Board shall:

- a. nominate and recommend to the shareholders candidates for election to the Board, taking into account the objectives of the Corporation's *Diversity Policy*;
- b. approve compensation arrangements for the Directors and for the Chairs and members of Board Committees; and
- c. assess, on a regular basis, the structure, composition, size, independence, effectiveness and contribution of the Board, of all Committees of the Board, and of the Directors.

4. Access to Information

The Board shall have access to all information, documents and records of the Corporation that it determines necessary or advisable to permit it to carry out its duties and responsibilities.

5. Review of Charter

The Board shall periodically review this Charter and approve any changes that it deems appropriate, and be responsible for approving any changes to Committee Charters recommended by the relevant Committee.

Adopted by the Board of Directors on March 29, 2006, as amended on August 7, 2009