

CORPORATE GOVERNANCE COMMITTEE CHARTER

1. PURPOSE

The Board of Directors (the “Board”) is responsible for the stewardship of Purolator Holdings Ltd. (the “Corporation”). That stewardship consists primarily of the duty to manage, or supervise the management of, the business and affairs of the Corporation. To discharge that responsibility, the Board must oversee or monitor all significant aspects of the management of the business and affairs of the Corporation and its subsidiaries.

- A. Corporate Governance Practices.** In order to enable the Board to discharge its duties to oversee or monitor all significant aspects of the management of the business and affairs of the Corporation and its subsidiaries in a highly effective manner, the Board has adopted a *Board of Directors’ Mandate* which prescribes certain governance practices for the Corporation and its subsidiaries (the “Governance Practices”).
- B. Authority.** The fundamental duty of the Board in relation to the governance of the Corporation and its subsidiaries is to gain and maintain reasonable assurance that the Governance Practices are implemented by the Corporation and its subsidiaries. The Board believes its duty in this regard will be most effectively discharged if the Board is assisted by a committee of the Board which is empowered and required:
- (a) to take all actions, including those set out in this Charter, (the “Due Diligence Actions”) which, in the opinion of the Board or the committee, are necessary or desirable for the committee to gain and maintain reasonable assurance that the Governance Practices are being implemented by the Corporation and its subsidiaries; and
 - (b) to report to the Board the conclusions reached by the committee as a result of taking the Due Diligence Actions.

2. ESTABLISHMENT/CONTINUATION

The Board has established and hereby continues the existence of a committee of the Board known as the Corporate Governance Committee (the “Committee”). The Committee is hereby empowered and required to take the Due Diligence Actions and to report to the Board the conclusions reached by the Committee as a result of taking the Due Diligence Actions.

3. COMPOSITION

- A. Composition.** The Committee shall consist of at least three directors of the Corporation (collectively, the “Members”), one of whom shall serve as the Chair of the Committee (the “Committee Chair”). No Member shall be an officer or employee of the Corporation or any of its subsidiaries (collectively, “Management”).

B. Appointment and Removal. The Board shall appoint, and may remove, the Members and the Committee Chair at any time and from time to time.

4. RELIANCE ON EXPERTS

In contributing to the Committee's discharge of its duties under this Charter, each Member shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the auditor of the Corporation to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles;
- (b) an interim or other financial report of the Corporation represented to him or her by an officer of the Corporation to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles;
- (c) a report or advice of an officer or employee of the Corporation, where it is reasonable in the circumstances to rely on the report or advice; and
- (d) a report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by such person.

5. STANDARD OF CARE

In contributing to the Committee's discharge of its duties under this Charter, each Member shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of a Member's duties is overseeing and monitoring to gain and maintain reasonable assurance that the Governance Practices are being implemented by the Corporation and its subsidiaries and to enable the Committee to report thereon to the Board.

6. OPERATING PROCEDURES

A. Frequency of Meetings. The Committee shall meet twice annually or more frequently as circumstances dictate. Regular meetings of the Committee shall be held in accordance with a schedule prepared by the Corporate Secretary in consultation with the Board Chair and the Committee Chair. Additional meetings of the Committee may be called at any time by the Committee Chair or upon the request of two Members.

B. Notice of Meetings. Notice of the time and place of each meeting of the Committee shall be given to each Member not less than 48 hours before the time when the meeting is to be held. Notwithstanding the foregoing, in the event that the Board or the Committee fixes by resolution the time and place of one or more meetings of the

Committee and a copy of such resolution is sent to each Member, no notice shall be required to be given to the Members for the meetings so fixed.

- C. Meeting Agendas.** Committee meeting agendas shall be prepared by the Corporate Secretary in consultation with the Committee Chair and the President and CEO, in each case having regard to the matters required to be considered by the Committee under this Charter and/or pursuant to a request of the Board or the Committee.
- D. Transaction of Business.** The powers of the Committee may be exercised at a meeting of the Committee at which a quorum is present or by resolution in writing signed by all of the Members who would have been entitled to vote on that resolution at a meeting of the Committee.
- E. Meetings by Telephone or Electronic Means.** If all of the Members present at or participating in a meeting consent, then any Member may participate in such meeting by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate simultaneously and instantaneously.
- F. Quorum.** A majority of the Members shall constitute a quorum for the transaction of business at all meetings of the Committee.
- G. Votes to Govern.** At all meetings of the Committee, any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the Chair of the meeting shall be entitled to a second or casting vote. Any question at a meeting of the Committee shall be decided by a show of hands unless a ballot is required or demanded.
- H. Attendance by Other Directors.** Any director of the Corporation, whether or not he or she is a Member, shall be entitled to be present at or participate in all meetings of the Committee as a non-voting participant.
- I. Secretary of Meetings.** Unless the Committee otherwise specifies, the Corporate Secretary or Assistant Corporate Secretary shall act as Secretary of all meetings of the Committee.
- J. Chair of Meetings.** The Committee Chair shall act as Chair of all meetings of the Committee at which the Committee Chair is present. In the absence of the Committee Chair at any meeting of the Committee, the Members shall appoint a Member to serve as acting Chair at the meeting.
- K. In Camera Sessions.** At each meeting of the Committee, the Committee shall be entitled to meet in private sessions or, at the option of the Committee, with one or more officers or employees of the Corporation or its subsidiaries.
- L. Circulation of Minutes.** A copy of the minutes of each meeting of the Committee shall be provided to the Members in a timely fashion and shall be provided to any director of the Corporation upon request.

M. Reports to the Board. The Committee Chair shall report on the matters considered at each Committee meeting to the next-following regularly-scheduled meeting of the Board.

N. Retention of External Advisors. To assist the Committee in discharging its responsibilities, the Committee is authorized to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay, at the expense of the Corporation, the compensation for any advisors engaged by the Committee; and
- (c) communicate directly and privately with any advisor engaged by the Committee.

7. PRINCIPAL DUTIES

Without limiting the nature or scope of the Due Diligence Actions, the Committee shall, as part of the Due Diligence Actions, carry out each of the following duties:¹

A. Governance Framework. For the purpose of gaining and maintaining reasonable assurance that the powers, authorities and accountabilities of the Board and Management are clearly understood and observed:

- (a) recommend to the Board for approval, and review on an annual basis, a written mandate for the Board which, at a minimum, addresses:
 - (i) the principal duties and responsibilities of the Board;
 - (ii) the standard of conduct expected of each director of the Corporation in discharging his or her duties to the Corporation;
 - (iii) the principal categories of the Board's ordinary course duties; and
 - (iv) the manner in which the Board may discharge its duties when confronted with unusual circumstances;
- (b) recommend to the Board for approval, and review on an annual basis, a position description for the directors of the Corporation and each of the Board Chair, the President and CEO and the Corporate Secretary;
- (c) recommend to the Board for approval, and review on an annual basis, a written charter for each Board committee which, at a minimum, addresses:
 - (i) the purpose and responsibilities of the committee;

¹ Where a matter requires the approval of the Committee or the Board, the approved requirement shall be deemed to apply to any subsequent amendment, modification or change affecting the matter so approved.

- (ii) the qualifications for committee membership;
 - (iii) the rules governing the operation of the committee; and
 - (iv) the obligation of the committee to report to the Board;
- (d) recommend to the Board for approval, and review on an annual basis, a policy or delegation of authority document that defines the limits of the President and CEO's powers and authority in managing the business and affairs of the Corporation and its subsidiaries;
- (e) review with the President and CEO, on an annual basis, a policy or delegation of authority document that defines the limits of the powers and authority of the officers and employees of the Corporation and its subsidiaries; and
- (f) recommend to the Board for approval, as and when appropriate, any enhancements to the approach to corporate governance employed by the Corporation and its subsidiaries.

B. Integrity and Ethics. For the purpose of gaining and maintaining reasonable assurance as to the integrity of Management and the existence of a culture of integrity throughout the Corporation and its subsidiaries:

- (a) recommend to the Board for approval, and review on an annual basis, a code of business conduct and ethics (the "Code of Conduct") applicable to all of the directors, officers and employees of the Corporation and its subsidiaries which constitutes standards reasonably designed to promote integrity and to deter wrongdoing and, at a minimum, addresses:
- (i) conflicts of interest, including transactions and agreements in respect of which a director of the Corporation or a member of Management has a material interest;
 - (ii) the protection and proper use of the assets and opportunities of the Corporation and its subsidiaries;
 - (iii) the protection of confidential information relating to the business and affairs of the Corporation and its subsidiaries;
 - (iv) fair and ethical dealing with the security holders, customers, suppliers, competitors and employees of the Corporation and its subsidiaries;
 - (v) compliance with applicable laws and corporate policies; and
 - (vi) reporting of any illegal or unethical behaviour or other breaches of the Code of Conduct;

- (b) review, on an annual basis, a process for the directors, officers and managers of the Corporation and its subsidiaries to confirm their own and the Corporation's compliance with the Code of Conduct ("Confirmation Process");
- (c) review, on an annual basis, the details of any potential violations of the Code of Conduct revealed through the Confirmation Process; and
- (d) approve, and review on an annual basis, procedures for the confidential, anonymous submission of alleged violations of the Code of Conduct (the "Confidential Submissions Process").

C. Board and Committee Effectiveness. For the purpose of gaining and maintaining reasonable assurance that the Board and its committees are operating in a highly effective manner:

- (a) receive from the Corporate Secretary, on an annual basis, a written report of any matters contained in the *Board of Directors' Mandate* or the Board committees charters which were not addressed by the Board or a Board committee in the preceding calendar year;
- (b) approve, and review on an annual basis, a process for regularly assessing:
 - (i) the effectiveness of the Board, taking into account the *Board of Directors' Mandate*;
 - (ii) the effectiveness of the Board committees, taking into account their respective charters;
 - (iii) the effectiveness of the Board Chair, taking into account the position description for the Board Chair; and
 - (iv) the effectiveness and contribution of each individual director of the Corporation, taking into account the position description for the directors of the Corporation as well as the competencies and skills which such directors are expected to bring to the Board

(collectively, the "Annual Assessment Process"); and
- (c) review, on an annual basis, the results of the Annual Assessment Process.

D. Director Orientation, Education and Resources. For the purpose of gaining and maintaining reasonable assurance that each director of the Corporation is provided with a comprehensive orientation process, continuing education opportunities and the advice that he or she may require to effectively discharge his or her duties:

- (a) approve, and review on an annual basis, a comprehensive orientation program for all new directors of the Corporation, which program shall be directed to enabling the new director to understand fully:

- (i) the role of the Board and its committees;
 - (ii) the contribution that each director is expected to make to overseeing the business and affairs of the Corporation and its subsidiaries; and
 - (iii) the nature and operation of the business of the Corporation and its subsidiaries;
- (b) approve, as and when appropriate and at the Corporation's expense, the attendance by a director of the Corporation at any conference, seminar, course or other educational experience that will enable the director to enhance his or her skills and abilities as a director and/or permit the director's knowledge and understanding of the nature and operation of the business of the Corporation and its subsidiaries to remain current; and
- (c) approve, as and when appropriate and at the Corporation's expense, the engagement by a director of the Corporation of independent counsel or other advisors to provide advice to the director with respect to the discharge of his or her duties as a director.

E. Director Compensation. For the purpose of gaining and maintaining reasonable assurance that the form and amount of the compensation paid to the directors of the Corporation is appropriate, recommend to the Board for approval, and review on an annual basis, the form and amount of compensation paid to the directors of the Corporation, taking into account the compensation paid by other companies carrying on a business of comparable size and complexity to the Corporation's business.

F. Officer Education. For the purpose of gaining and maintaining reasonable assurance that each officer of the Corporation and its subsidiaries understands his or her fiduciary duties as an officer, review on an annual basis, an outline of a fiduciary education seminar or other educational experience for all new and existing officers of the Corporation and its subsidiaries.

G. Other Duties. Without limiting any of the duties set out above, the Committee shall:

- (a) advise the Board of any developments in the area of corporate governance which the Committee determines ought to be considered by the Board;
- (b) approve, on an annual basis, a statement describing the Corporation's approach to corporate governance for use in the Annual Review of the Corporation and its subsidiaries;
- (c) assist (where practicable) the Board Chair in making recommendations to the Board respecting the composition of Board committees; and
- (d) perform such other duties as from time to time are assigned to the Committee by the Board and accepted by the Committee.

Effective March 1, 2011