



BOARD OF DIRECTORS' MANDATE

Purolator Holdings Ltd.

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¹ Note: Attached to this Board of Directors’ Mandate are the current Board-approved charters for the Committees and the position descriptions for individual Directors, the Board Chair, the President and CEO and the Corporate Secretary. As revisions to those documents are made and approved, replacement copies of any such revised documents will be distributed to the Directors without need for this Board of Directors’ Mandate to be re-approved by the Board.

A. Duties and Responsibilities of the Board of Directors

The Board is responsible for the stewardship of the Corporation. That stewardship consists primarily of the duty to manage, or supervise the management of, the business and affairs of the Corporation and, where deemed appropriate by the Board, the business and affairs of the Corporation's subsidiaries. As authorized by the OBCA and for the purpose of effectively discharging the Board's stewardship responsibility, the Board has:

- a) delegated to the President and CEO of the Corporation many of the Board's powers and much of the Board's authority to manage the business and affairs of the Corporation; and
- b) assumed the duty to supervise the President and CEO's management of the business and affairs of the Corporation.

B. Standard of Conduct

As required by the OBCA,² every Director must, in discharging his or her duties:

- a) act honestly and in good faith with a view to the best interests of the Corporation; and
- b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Accordingly, the action which the Board or a Committee must take to discharge its duties in any circumstances is the action that could reasonably be expected to be taken in comparable circumstances by a person (i) acting honestly and in good faith with a view to the best interests of the Corporation, and (ii) exercising the care, diligence and skill that a reasonably prudent person would exercise.

C. Categories of Board Duties

The Board's duties fall broadly into two categories:

- a) the duties (the "**Ordinary Course Duties**") which the Board must discharge in the ordinary course of acting as the steward of the Corporation and supervising the President and CEO's management of the business and affairs of the Corporation; and
- b) the duties (the "**Extraordinary Duties**") which the Board must discharge when the Board, the President and CEO or the Corporation is confronted with unusual circumstances such as, but not limited to, consideration of a significant transaction or event outside the ordinary course of the Corporation's business.

The Board may satisfy its duties directly or, subject to the OBCA, by delegating powers to one or more appropriate Committees.

² OBCA sec. 134(1).

D. The Board's Ordinary Course Duties

The Board's Ordinary Course Duties fall into five categories:

1) Corporate Governance

- a) The Board shall establish and maintain among all Directors a culture which reflects the following attitudes, values and convictions (the "**Desired Board Culture**"):
 - i) acceptance of the Board's accountability for the Corporation's performance;
 - ii) the conviction that Directors owe each other their best efforts in carrying out their duties and exercising their authority;
 - iii) insistence on the highest level of honesty and integrity in all actions of the Board, the President and CEO and the other members of Management, and other senior managers and employees of the Corporation;
 - iv) trust and respect among Directors;
 - v) open sharing of all relevant information among Directors and between Directors and Management; and
 - vi) the acceptance of and respect for differing opinions.
- b) The Board shall establish, maintain and communicate to the President and CEO a policy or delegation of authority document that defines the limits of the President and CEO's powers, authority and accountability to the Board in managing the business and affairs of the Corporation.
- c) To the extent feasible, the Board shall gain and maintain reasonable assurance as to:
 - i) the integrity of Management; and
 - ii) the creation and maintenance by Management of a culture of integrity throughout the Corporation.
- d) The Board shall establish, maintain and monitor compliance with a written code of business conduct and ethics (the "**Code of Conduct**") applicable to all Directors, officers and employees of the Corporation. The Code of Conduct must constitute standards reasonably designed to promote integrity and to deter wrongdoing and must address the following issues:
 - i) conflicts of interest, including transactions and agreements in respect of which a Director or member of Management has a material interest;
 - ii) protection and proper use of the Corporation's assets and opportunities;
 - iii) protection of confidential information relating to the business and affairs of the Corporation;

- iv) fair and ethical dealing with the Corporation's security holders, customers, suppliers, competitors and employees;
 - v) compliance with applicable laws and corporate policies; and
 - vi) reporting of any illegal or unethical behavior or other breaches of the Code of Conduct.
- e) The Board shall establish and maintain appropriate processes to:
- i) regularly assess the effectiveness of the Board, effectiveness of the Board Chair, effectiveness of each Committee, and the effectiveness of each Director;
 - ii) gain reasonable assurance that the composition, structure and practices of the Board and the Committees enable the Board to discharge its duties in an effective manner;
 - iii) provide each new Director with a comprehensive orientation directed to enabling the new Director to understand fully (A) the role of the Board and all of the Committees, (B) the contribution that each Director is expected to make to governing the Corporation, including the commitment of time and energy expected of each Director, and (C) the nature and operation of the Corporation's business;
 - iv) provide all Directors with continuing education opportunities to maintain and enhance Directors' skills and abilities as directors and to permit Directors' knowledge and understanding of the nature and operation of the Corporation's business to remain current;
 - v) provide all Directors with the ability to engage, at the Corporation's expense, independent counsel or other advisors to provide advice to the Director with respect to the Director's discharge of his or her duties as a Director; and
 - vi) gain and maintain reasonable assurance that the form and amount of the Directors' compensation is appropriate.
- f) The Board shall, during every regularly-scheduled meeting of the Board, hold an *in camera* session at which no member of Management is in attendance.

2) Strategy Determination

- a) The Board shall require the President and CEO, in collaboration with the Board, to develop and to present to the Board:
 - i) the primary objective(s) which the President and CEO proposes to pursue in managing the business and affairs of the Corporation (the "**Primary Objective(s)**"); and
 - ii) a plan which the President and CEO proposes to implement which is designed to enable the Corporation to achieve the Primary Objective(s) (the "**Strategy**")

and which takes into account, among other things, the Corporation's strengths and weaknesses, and the opportunities for and threats to the Corporation's business.

- b) The Board shall gain reasonable assurance as to:
 - i) the appropriateness of the Primary Objective(s);
 - ii) whether the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Primary Objective(s); and
 - iii) whether the Strategy is reasonably capable of being executed by Management.
- c) If the Board gains reasonable assurance as to the appropriateness of the Primary Objective(s), the Board may approve the Primary Objective(s) (the "**Approved Primary Objective(s)**").
- d) If the Board gains reasonable assurance that (i) the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s), and (ii) the Strategy is reasonably capable of being executed by Management, then the Board may approve the Strategy (the "**Approved Strategy**").
- e) The Board shall monitor Management's implementation of the Approved Strategy and the Corporation's progress toward achieving the Approved Primary Objective(s).
- f) If at any time the Board is of the opinion that:
 - i) the Approved Primary Objective(s) is or are no longer appropriate;
 - ii) the Approved Strategy is no longer reasonably capable of being executed by Management; or
 - iii) the Approved Strategy is no longer reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s);

the Board shall require the President and CEO to develop and present to the Board a revised Primary Objective(s) and/or a revised Strategy, as the case may be, and the Board must then deal with the revised Primary Objective(s) and/or the revised Strategy in the manner specified in paragraphs b, c, d and e above.

3) **Human Resource Selection, Retention and Succession**

- a) The Board shall gain and maintain reasonable assurance that there exist within the Corporation effective policies and practices to enable the Corporation to attract, develop and retain the human resources required by the Corporation to meet the Approved Primary Objective(s). In particular, the Board shall gain and maintain reasonable assurance that:
 - i) the Corporation's overall compensation philosophy for all employees balances the objectives of (A) attracting, developing and retaining highly competent

employees, (B) appropriately and fairly incenting and rewarding strong performance by employees and the Corporation in both the short-term and the long-term, and (C) maintaining employee costs at a competitive level;

- ii) the compensation program for members of Management consists of an appropriate combination of base salary, a short-term incentive plan, a long-term incentive plan and other benefits; and
 - iii) the Corporation establishes and maintains effective policies and practices that provide for training, monitoring and continuously improving the skills of Management and other senior managers and employees.
- b) The Board shall:
- i) employ as the President and CEO a person whom the Board believes is capable of managing the business and affairs of the Corporation in a manner that will enable the Corporation to achieve the Approved Primary Objective(s);
 - ii) approve the terms and conditions of the President and CEO's employment, including any changes to such terms and conditions;
 - iii) establish, maintain and implement a formal process for annually assessing the performance of the President and CEO, taking into account the President and CEO's position description and the goals and objectives of the Corporation which have been approved by the Board and which the President and CEO is responsible for meeting;
 - iv) establish and maintain an appropriate succession plan (a "**Succession Plan**") which identifies the potential short-term and long-term successors to the President and CEO and, having regard to the President and CEO's recommendations, the holders of all other Management positions; and
 - v) having regard to the President and CEO's recommendations, appoint all officers of the Corporation and approve the principal terms and conditions of each senior executive officer's employment, including any changes to such terms and conditions.

4) **Compliance and Risk Management**

- a) The Board shall gain and maintain reasonable assurance that effective controls exist within the Corporation for ensuring (i) the Corporation's compliance with all material obligations of the Corporation and applicable legal requirements, and (ii) compliance by the Directors, Management and the Corporation's employees with the Code of Conduct and applicable policies and procedures of the Corporation.
- b) The Board shall gain and maintain reasonable assurance that the strategic, operational, reporting and compliance risks of the Corporation's business ("**Risks**") are identified in a timely manner and are effectively assessed, monitored and managed. In particular, the Board shall gain and maintain reasonable assurance that:

- i) the Corporation has a formalized, disciplined and integrated enterprise risk management (“**ERM**”) process that (A) can reasonably be expected to enable Management to identify Risks in a timely manner and to effectively assess, monitor and manage such Risks, and (B) is reasonably capable of being implemented and sustained by Management;
- ii) Management identifies, in a timely manner, the most significant Risks (the “**Principal Risks**”), including those Risks related to or arising from the Corporation’s weaknesses, the threats to the Corporation’s business, and the assumptions underlying the Approved Strategy;
- iii) the insurance coverages maintained by the Corporation relating to Principal Risks are adequate; and
- iv) Management directly and effectively assesses, monitors and manages Principal Risks in compliance with the ERM process.

5) Financial Reporting and Communications

- a) The Board shall gain and maintain reasonable assurance that the Corporation complies with all financial reporting and disclosure obligations imposed on it by applicable laws, Board policies and other requirements relating to financial reporting and disclosure by the Corporation. The Board recognizes that the most significant financial reporting and disclosure obligations applicable to the Corporation are as follows:
 - i) the Corporation, through Management, must prepare:
 - (A) comparative financial statements of the Corporation relating separately to the most recently completed financial year of the Corporation (the “**Statement Year**”) and the financial year of the Corporation next preceding the Statement Year (the “**Annual Statements**”); and
 - (B) comparative financial statements of the Corporation relating separately to the most recently completed financial quarter (the “**Statement Quarter**”) of the Corporation and the financial quarter of the Corporation completed 12 months prior to the end of the Statement Quarter (the “**Interim Statements**”);
 - ii) each of the Interim Statements and the Annual Statements must present fairly, in all material respects, the financial position of the Corporation, the results of its operations and its cash flows in accordance with International Financial Reporting Standards (“**IFRS**”);
 - iii) the Interim Statements and the Annual Statements must be certified by the President and CEO and the Chief Financial Officer;
 - iv) the Annual Statements must be accompanied by an audit report thereon prepared in accordance with Canadian Generally Accepted Auditing Standards and by a firm of Chartered accountants that is objective and independent (the

- “**External Auditor**”), and the Interim Statements must be accompanied by a review engagement report thereon from the External Auditor;
- v) the Interim Statements and the Annual Statements must be approved by the Board;
 - vi) the Annual Statements must be sent to all of the Corporation’s shareholders; and
 - vii) the Annual Statements must be placed before each annual meeting of the Corporation’s shareholders.
- b) The Board shall gain and maintain reasonable assurance that the Corporation has adequate procedures in place for the review of financial information that is extracted or derived from the Annual Statements and is disclosed by the Corporation to its shareholders and/or the public.
 - c) The Board shall gain and maintain reasonable assurance as to the existence and effectiveness of the Corporation’s internal controls over financial reporting.
 - d) The Board shall gain and maintain reasonable assurance that there exists within the Corporation effective procedures for the confidential, anonymous submission by employees of the Corporation of reports of violations of the Code of Conduct or concerns regarding fraud or questionable accounting practices, and that the full extent of those concerns are promptly made known to the Board.
 - e) The Board shall gain and maintain reasonable assurance that there exists within the Corporation an appropriate communications policy that governs the disclosure of information concerning the Corporation’s business and affairs to external parties.

E. The Board’s Extraordinary Duties

When the Board, the President and CEO or the Corporation is confronted with unusual circumstances that give rise to Extraordinary Duties, the Board or the appropriate Committee shall:

- a) seek expert advice as to (i) the nature of the Extraordinary Duties arising from such unusual circumstances, and (ii) the action that the Board or the appropriate Committee must take to discharge those Extraordinary Duties; and
- b) where appropriate, take the action specified by such expert advice.

F. Board Committees

1) Purpose

- a) The Board may establish, seek the advice of, and, subject to the OBCA, delegate powers to Committees. In this regard, the Board may empower and require one or more Committees to take all actions which, in the opinion of the Board or the Committee(s), are necessary or desirable for the Committee(s) to gain and maintain

reasonable assurance in respect of any matter that the Board considers relevant to the discharge of its duty to manage, or supervise the management of, the business and affairs of the Corporation (including, where appropriate, the Corporation's subsidiaries).

- b) Committees undertake detailed examination of specific aspects of the Corporation as outlined in their charter.
- c) Committees analyze in depth policies that are developed by Management. They examine alternatives and, where appropriate, make recommendations to the Board.
- d) Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so in their charter. The Board reserves the right to oversee, review and approve Committee activity.

2) Membership

- a) Subject to the By-laws of the Corporation, the Chairs and members of Committees are recommended by the Board Chair, in consultation (where practicable) with the Corporate Governance Committee, and appointed by the Board.

3) Information and Support

- a) Each Committee will require the assistance of the Corporation's resources to research, investigate and report on matters within a Committee's charter. The President and CEO shall appoint a member of Management to be the prime interface for each Committee and to co-ordinate the satisfaction of that Committee's information requirements.
- b) Unless the Committee otherwise specifies, the Corporate Secretary or Assistant Corporate Secretary shall act as Secretary of all meetings of the Committee.
- c) Each Committee Chair shall report to the Board at each Board meeting that follows that Committee's most recent meeting.

4) Standing Committees

- a) The Board has established the following standing committees to assist the Directors in discharging their duties:
 - Audit Committee
 - Corporate Governance Committee
 - Human Resources and Compensation Committee
 - Pension Committee
 - Environment, Health and Safety Committee

- b) Every Director, whether or not he or she is a member of a Committee, may be present at or participate in all Committee meetings as a non-voting participant.

G. Directors, Board Chair, President and CEO, and Corporate Secretary

1) Directors

Each Director is, together with the other members of the Board, responsible for the stewardship of the Corporation. This entails managing, or, to the extent that the authority to manage the business and affairs of the Corporation has been delegated to the President and CEO, supervising the management of the business and affairs of the Corporation. To this end, a Director must devote his or her best efforts to the fulfillment of the Board's responsibilities set out in this Board of Directors' Mandate and must, in discharging his or her duties:

- a) act honestly and in good faith with a view to the best interests of the Corporation; and
- b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The specific responsibilities of a Director are set out in the *Position Description for Directors*, as approved and amended by the Board from time to time.

2) Board Chair

The Board Chair is responsible for facilitating highly effective performance by the Board. The Board Chair is not an executive of the Corporation in the sense that the Board Chair is not responsible for the management of any aspect of the Corporation's business. The specific responsibilities of the Board Chair are set out in the *Position Description for the Board Chair*, as approved and amended by the Board from time to time.

3) President and CEO

The President and CEO is responsible for managing the day-to-day business and affairs of the Corporation within the boundaries established by the Board and reporting on the business and affairs of the Corporation to the Board on a timely and regular basis. The specific responsibilities of the President and CEO are set out in the *Position Description for the President and CEO*, as approved and amended by the Board from time to time.

4) Corporate Secretary

The Corporate Secretary is responsible for assisting the Board in gaining and maintaining reasonable assurance that the Board and Management are complying with the Corporation's governance obligations. The specific responsibilities of the Corporate Secretary are set out in the *Position Description for the Corporate Secretary*, as approved and amended by the Board from time to time.

H. Definitions

- “**Annual Statement(s)**” has the meaning given to it in Section D.5)a)i)A).
- “**Approved Primary Objective(s)**” has the meaning given to it in Section D.2.c).
- “**Approved Strategy**” has the meaning given to it in Section D.2)d).
- “**Board**” means the board of directors of the Corporation.
- “**CEO**” means Chief Executive Officer.
- “**Code of Conduct**” has the meaning given to it in Section D.1)d).
- “**Committee**” means a committee of the Board.
- “**Corporation**” means Purolator Holdings Ltd.
- “**Desired Board Culture**” has the meaning given to it in Section D.1)a).
- “**Director**” means a director of the Corporation.
- “**ERM**” has the meaning given to it in Section D.4)b)i).
- “**External Auditor**” has the meaning given to it Section D.5)a)iv).
- “**Extraordinary Duties**” has the meaning given to it in Section C.b).
- “**IFRS**” has the meaning given to it Section D.5)a)ii).
- “**Interim Statements**” has the meaning given to it Section D.5)a)i)B).
- “**Management**” means the President and CEO and the other officers of the Corporation.
- “**OBCA**” means the *Business Corporations Act* (Ontario).
- “**Ordinary Course Duties**” has the meaning given to it in Section C.a).
- “**Primary Objective(s)**” has the meaning given to it in Section D.2)a)i).
- “**Principal Risks**” has the meaning given to it in Section D.4)b)ii).
- “**Risks**” has the meaning given to it in Section D.4)b).
- “**Statement Quarter**” has the meaning given to it Section D.5)a)i)B).
- “**Statement Year**” has the meaning given to it Section D.5)a)i)A).
- “**Strategy**” has the meaning given to it in Section D.2.a)ii).
- “**Succession Plan**” has the meaning given to it in Section D.3.b)iv).

Effective January 1, 2011

**Schedule “A”
Audit Committee Charter**

[Current Board-approved version to be attached]

AUDIT 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. Financial Reporting. Financial reporting constitutes a significant aspect of the management of the business and affairs of the Corporation and its subsidiaries. In general terms, the Corporation’s financial reporting obligations (the “Financial Reporting Obligations”) are established by applicable law and by the Board. The Corporation’s most significant Financial Reporting Obligations are as follows:

- (a) the Corporation, through its officers (collectively, “Management”), must prepare:
 - (i) comparative financial statements of the Corporation relating separately to the most recently completed financial year of the Corporation (the “Statement Year”) and the financial year of the Corporation next preceding the Statement Year (the “Annual Statements”); and
 - (ii) comparative financial statements of the Corporation relating separately to the most recently completed financial quarter (the “Statement Quarter”) of the Corporation and the financial quarter of the Corporation completed 12 months prior to the end of the Statement Quarter (the “Interim Statements”);
- (b) each of the Interim Statements and the Annual Statements must present fairly, in all material respects, the financial position of the Corporation, the results of its operations and its cash flows in accordance with International Financial Reporting Standards (“IFRS”);
- (c) the Interim Statements and the Annual Statements must be certified by the President and CEO and the Chief Financial Officer;
- (d) the Annual Statements must be accompanied by an audit report thereon prepared in accordance with Canadian Generally Accepted Auditing Standards and by a firm of Chartered accountants that is objective and independent (the “External Auditor”), and the Interim Statements must be accompanied by a review engagement report thereon from the External Auditor;

- (e) the Interim Statements and the Annual Statements must be approved by the Board;
- (f) the Annual Statements must be sent to all of the Corporation's shareholders; and
- (g) the Annual Statements must be placed before each annual meeting of the Corporation's shareholders.

B. Authority. The fundamental duty of the Board in overseeing and monitoring the Corporation's financial reporting is to gain and maintain reasonable assurance that the Financial Reporting Obligations are being met by the Corporation. 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 Financial Reporting Obligations are being met by the Corporation; 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 Audit 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"). The Committee Chair shall be Independent (as that term is defined herein), a majority of the Members shall be Unrelated (as that term is defined herein) and all Members shall be Financially Literate (as that term is defined herein).

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.

C. Definitions. For the purposes of this Charter:

- (a) the Committee Chair is "Independent" if the Committee Chair has no direct or indirect relationship with the Corporation which could, in the view of the

Board, reasonably be expected to interfere with the exercise of the Committee Chair's independent judgment;

- (b) a Member is "Unrelated" if the Member is not an officer or employee of the Corporation or any of its affiliates (as such term is defined in the *Business Corporations Act* (Ontario)); and
- (c) a Member is "Financially Literate" if the Member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Interim Statements and the Annual Statements.

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 External Auditor to present fairly the financial position of the Corporation in accordance with IFRS;
- (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 IFRS;
- (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 Financial Reporting Obligations are being met by the Corporation and to enable the Committee to report thereon to the Board.

6. OPERATING PROCEDURES

- A. Frequency of Meetings.** The Committee shall meet four times 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, upon the request of any Member or at the request of the External Auditor.
- 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, the President and CEO and the member of Management appointed by the President and CEO to be the primary interface and support for the Committee, in all cases 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 meet in separate in camera sessions with each of (i) the External Auditor, (ii) the Director of Internal Audit, (iii) the President and CEO, (iv) the Chief Financial Officer, and (v) the Chief Legal Officer. The Committee shall also 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:

- A. Financial Statements.** For the purpose of gaining and maintaining reasonable assurance that the Interim Statements and the Annual Statements present fairly the financial position of the Corporation, the results of its operations and its cash flows in accordance with IFRS:
 - (a) review the Interim Statements and the Annual Statements with Management and the External Auditor;

- (b) review the reasonableness of all significant estimates, accruals and reserves employed by Management in preparing the Interim Statements and the Annual Statements;
- (c) review all unresolved items identified by the External Auditor in conducting its audit of the Annual Statements;
- (d) obtain the written opinion of the External Auditor on a number of issues concerning the audit, including as to whether:
 - (i) the audit as actually conducted is consistent in all material respects with the audit plan presented to the Committee by the External Auditor;
 - (ii) the accounting principles, policies or methods employed in preparing the Annual Statements are consistent with those employed in preparing the Annual Statements for the immediately preceding financial year;
 - (iii) any of the accounting principles, policies, practices, estimates, judgments or disclosure practices employed in preparing the Annual Statements could be described as “aggressive”, “inadequate” or “not the most appropriate”;
 - (iv) the External Auditor became aware of any significant control weaknesses or inadequate control environments in the course of the audit;
 - (v) there were any contentious issues between the External Auditor and Management that have been resolved in a manner, which, in the External Auditor’s opinion, is not the most appropriate; and
 - (vi) any adjustments have been made to the Annual Statements as a result of the audit;
- (e) review the annual unaudited, unconsolidated financial statements of Purolator Inc. (the “PI Statements”) prepared in accordance with IFRS;
- (f) review the annual unaudited, unconsolidated financial statements of Purolator International, Inc. (the “PII Statements”);
- (g) review with Management and the External Auditor the annual financial statements of the pension plans of the Corporation or its subsidiaries (the “Pension Statements”) prepared in accordance with the requirements of the *Pension Benefits Standards Act* (Canada);
- (h) review with the Chief Legal Officer, on a semi-annual basis, all significant legal claims affecting the Corporation or its subsidiaries and confirm that all such claims which could have a significant effect on the financial position

or results of operations of the Corporation have been appropriately disclosed in the Interim Statements and the Annual Statements;

- (i) obtain from Management, on an annual basis, a representation letter addressed to the Committee relating to the Annual Statements comparable in content to the representation letter provided by Management to the External Auditor relating to the Annual Statements;
- (j) oversee the work of the External Auditor in preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
- (k) review with Management, before the Committee reports to the Board with respect to the Interim Statements and the Annual Statements, the certificate delivered by the President and CEO and Chief Financial Officer in respect of the Interim Statements and the Annual Statements.

Upon completing the above actions:

- (a) report to the Board as to whether the Committee has gained reasonable assurance that the Interim Statements and the Annual Statements present fairly the financial position of the Corporation, the results of its operations and its cash flows in accordance with IFRS;
- (b) report to the Board as to whether the Committee has gained reasonable assurance that the PI Statements present fairly the financial position of Purolator Inc., the results of its operations and its cash flows in accordance with IFRS;
- (c) report to the Board as to whether the Committee has gained reasonable assurance that the PII Statements present fairly the financial position of Purolator International, Inc., the results of its operations and its cash flows; and
- (d) provide the Pension Committee of the Board with any observations or comments the Committee may have on the Pension Statements which may be relevant to the Pension Committee's review of the Pension Statements.

B. External Audit. For the purpose of gaining and maintaining reasonable assurance as to the effectiveness, objectivity and independence of the External Auditor:

- (a) prior to each annual general meeting of the Corporation's shareholders, recommend to the Board a firm of Chartered accountants to be nominated for appointment as the External Auditor, such recommendation to be made after the Committee has gained reasonable assurance that such firm of Chartered accountants possesses and will make available to the Corporation the personnel required to efficiently, cost effectively and expertly prepare and issue an auditor's report in respect of the Corporation's financial statements or perform other audit, review or attest services for the Corporation;

- (b) prior to the External Auditor's commencement of each audit of the Annual Statements and the Pension Statements, review with the External Auditor and approve:
 - (i) the proposed scope of the audit;
 - (ii) the proposed areas of special emphasis to be addressed in the audit; and
 - (iii) the materiality levels which the External Auditor proposes to employ;
- (c) prior to the External Auditor's commencement of each audit of the Annual Statements and the Pension Statements, review with the External Auditor and recommend to the Board for approval the compensation of the External Auditor;
- (d) pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the External Auditor, such pre-approval to be granted only after the Committee has gained reasonable assurance that the provision of such services by the External Auditor will not compromise the objectivity or independence of the External Auditor;
- (e) after the External Auditor completes its audit of the Annual Statements but before the Committee reports to the Board with respect to such Annual Statements, obtain from the External Auditor:
 - (i) an acknowledgement in writing that the Board and the Committee, and not Management, are the External Auditor's clients;
 - (ii) a written opinion of the External Auditor that it is objective within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario; and
 - (iii) a written report of the External Auditor listing in detail:
 - A. all fees paid by the Corporation or any affiliate of the Corporation to the External Auditor or any affiliate of the External Auditor in the last financial year of the Corporation ended prior to the date of such report; and
 - B. all relationships of any kind which existed between the External Auditor or any affiliate of the External Auditor and the Corporation or any affiliate of the Corporation at any time in the last financial year of the Corporation ended prior to the date of such report;
- (f) confirm, on a quarterly basis, that Management has not placed any restrictions on the External Auditor with respect to the scope of its

activities, its access to any required information or the reporting of its findings to the Committee; and

- (g) attempt to resolve disagreements between Management and the External Auditor regarding the Corporation's financial reporting as and when they arise.

C. Internal Audit. For the purpose of gaining and maintaining reasonable assurance as to the effectiveness, objectivity and independence of the Corporation's internal audit function:

- (a) prior to the beginning of each financial year of the Corporation, review and approve the Internal Audit Charter and Internal Audit Plan (including the planned activities, staffing and budget) for that financial year;
- (b) review, on an annual basis, the performance of the Corporation's internal audit function in consultation with the President and CEO and the External Auditor;
- (c) approve in advance the appointment and termination of the Director of Internal Audit; and
- (d) confirm, on a quarterly basis, that Management has not placed any restrictions on the Corporation's internal audit function with respect to the scope of its activities, its access to any required information or the reporting of its findings to the Committee.

D. Internal Controls. For the purpose of gaining and maintaining reasonable assurance as to the effectiveness of the Corporation's internal controls over financial reporting ("ICFR") and the procedures established by Management to accurately initiate, record, process and report the Corporation's transactions:

- (a) receive from Management:
 - (i) on a quarterly basis, details of any material weakness identified in relation to the design or operation of the Corporation's ICFR, together with Management's assessment of the impact of such material weakness on the Corporation's ICFR and its ability to meet the Financial Reporting Obligations, and Management's plans to remediate such material weakness;
 - (ii) on a quarterly basis, details of any fraud involving Management or other employees of the Corporation or its subsidiaries who have a significant role in the Corporation's ICFR;
 - (iii) on a quarterly basis, details of any changes or anticipated changes in the Corporation's business or affairs that have materially affected, or are likely to materially affect, the Corporation's ICFR;

- (iv) on an annual basis, the President and CEO's assessment of the strength of the "tone at the top" and details of the actions taken by Management to foster a culture of integrity at the Corporation; and
- (v) prior to the beginning of each financial year of the Corporation, a summary of the activities that will be undertaken by Management over the course of that financial year to identify any new risks that could, individually or in combination with others, reasonably result in a material misstatement in the Interim Statements or the Annual Statements;
- (b) receive from the Director of Internal Audit, on a quarterly basis, reports with respect to any findings of fraud or potential fraud;
- (c) receive from the Director of Internal Audit, on a quarterly basis, reports with respect to the results of all internal audit activities completed since the last report to the Committee and review Management's responses to all significant findings;
- (d) approve, and review on an annual basis, procedures for the confidential, anonymous submission by employees of the Corporation or its material subsidiaries of complaints or concerns regarding fraud or questionable accounting, auditing or internal control matters;
- (e) receive from the Corporate Compliance Officer, on a quarterly basis, a report of all alleged violations of the *Code of Business Conduct and Ethics* and all complaints or concerns regarding accounting or financial improprieties that have been reported through the Corporation's *Confidential Submissions Process*; and
- (f) assess, on an annual basis, the quality and sufficiency of the Corporation's accounting and financial personnel.

E. Compliance. For the purpose of gaining and maintaining reasonable assurance that the Corporation is complying with the Financial Reporting Obligations and that the Corporation and its subsidiaries are complying with their material legal obligations (collectively, the "**Compliance Obligations**"),

- (a) require Management (with the assistance of the Corporation's Chief Legal Officer) to provide to the Committee:
 - (i) a report identifying the Compliance Obligations;
 - (ii) updates, as required, to the report referred to in paragraph (i) above describing any change to or omission from the Compliance Obligations; and
 - (iii) a written confirmation, on a quarterly basis, that the Corporation and its subsidiaries have, since the immediately preceding meeting of the Committee, met their Compliance Obligations;

- (b) require the Chief Legal Officer to promptly report, in writing, to the Committee Chair and the Board Chair (with a copy to the President and CEO) any confirmed or suspected violation by the Corporation or any of its subsidiaries of any laws or covenants under material contracts which could, in the Chief Legal Officer's judgment, have a significant adverse effect on the Corporation and/or any of its subsidiaries; and
- (c) review with the Chief Legal Officer, on a quarterly basis, any potential legal risks to the Corporation or its subsidiaries (having regard to those matters, if any, reported under paragraph (b) above) which could, if they were to materialize, have a significant adverse effect on the financial position, results of operations or reputation of the Corporation and review with Management the mitigating actions being undertaken to address such risks.

F. Risk Management. For the purpose of gaining and maintaining reasonable assurance that the strategic, operational, reporting and compliance risks of the Corporation's business (collectively, the "**Risks**") are identified in a timely manner and are effectively assessed, monitored and managed confirm that:

- (a) Management has developed and maintains a formalized, disciplined and integrated enterprise risk management ("**ERM**") process that (A) can reasonably be expected to enable Management to identify Risks in a timely manner and to effectively assess, monitor and manage such Risks, and (B) is reasonably capable of being implemented and sustained by Management;
- (b) Management identifies, in a timely manner, the most significant Risks (the "**Principal Risks**"), including those Risks related to or arising from the Corporation's weaknesses, the threats to the Corporation's business, and the assumptions underlying the Approved Strategy;
- (c) the insurance coverages maintained by the Corporation relating to Principal Risks are adequate; and
- (d) Management directly and effectively assesses, monitors and manages Principal Risks in compliance with the ERM process.

G. Financial Performance. For the purpose of gaining and maintaining reasonable assurance that the Corporation is being managed in a manner consistent with the Approved Strategy (as that term is defined in the *Board Mandate*):

- (a) review, on an annual basis, the Corporation's business plan (the "Plan") for the five-year period following the end of the current year and provide the Board with the Committee's assessment of (i) the reasonableness of the assumptions contained in the Plan, (ii) the risks inherent in the Plan, (iii) the degree to which the financial targets in the Plan are consistent with the Approved Strategy (as that term is defined in the *Board Mandate*), and (iv) any other matter which the Committee believes might be relevant to the Board's assessment of the Plan;

- (b) review, on a quarterly basis, the year-to-date financial performance of the Corporation, including (i) an income statement (consolidated and for each significant business division), a balance sheet and a cash flow statement, (ii) a detailed breakdown of revenues and expenses, (iii) a summary of key variances to the current year's budget and the prior year's actual performance, (iv) a detailed breakdown of all significant expense items not specifically identified in the income statement, (v) an analysis of the Corporation's allowance for doubtful accounts, (vi) a summary of net additions and dispositions of capital assets, (vii) a summary of income taxes payable by the Corporation, (viii) the Corporation's Formula Value per Share (for purposes of the *Purolator Employee Share Ownership Plan*), (ix) a statement of all outstanding options or other securities convertible into shares in the capital of the Corporation, and (x) a statement of all amounts drawn down on the credit facilities of the Corporation or its subsidiaries;
- (c) review, on a quarterly basis, Management's (i) financial forecast for the balance of year, (ii) cash flow forecast for the next four financial quarters, and (iii) assessment of the most significant risks to the achievement of the Plan; and
- (d) review, on a quarterly basis, updates with respect to the costs (capital and expense elements) and benefits (revenue streams and cost avoidance) of all capital investments and/or significant projects which have been approved by the Board or otherwise designated for regular reporting to the Committee.

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

- (a) discuss with Management and the External Auditor, as and when appropriate, significant developments or choices that may impact the Financial Reporting Obligations;
- (b) review and confirm, on an annual basis, the adequacy of the Corporation's communications policy governing the disclosure of information concerning the Corporation's business and affairs to external parties;
- (c) review and confirm, on an annual basis, the adequacy of the Corporation's procedures for the review of financial information that is extracted or derived from the Interim Statements or the Annual Statements and is disclosed by the Corporation to its shareholders and/or external parties;
- (d) review, on an annual basis, the travel, entertainment and accommodation expense accounts of the Board Chair and the President and CEO;
- (e) review this Charter and communicate any desired changes, on an annual basis, to the Corporate Governance Committee of the Board; and
- (f) 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

**Schedule “B”
Corporate Governance Committee Charter**

[Current Board-approved version to be attached]

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

**Schedule “C”
Environment, Health and Safety Committee Charter**

[Current Board-approved version to be attached]

ENVIRONMENT, HEALTH AND SAFETY 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.

Environment, Health and Safety Obligations. Providing a safe and healthy workplace for employees and mitigating the risk of harm to the environment constitute a significant aspect of the management of the business and affairs of the Corporation and its subsidiaries. In general terms, the obligations relating to environment, health and safety (the “EHS Obligations”) are established by applicable law and by the Board. The most significant EHS Obligations include, but are not limited to:

- (a) implementing and continuously updating an EHS management system (the “EHS Management System”) comprised of policies and procedures that:
 - (i) identify the EHS Obligations applicable to the operations of each of the Corporation’s subsidiaries; and
 - (ii) establish expectations of conduct intended to guide compliance by the Corporation’s subsidiaries with the EHS Obligations;
- (b) auditing compliance against the EHS Management System and applicable EHS laws and taking prompt corrective action when necessary;
- (c) reporting EHS incidents to regulatory authorities in accordance with applicable law;
- (d) at all times taking reasonable steps to prevent bodily and environmental harm.

A. Authority. The fundamental duty of the Board in relation to the EHS practices of the Corporation’s subsidiaries is to gain and maintain reasonable assurance that the EHS Obligations are being met by the Corporation’s 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 EHS Obligations are being met by the Corporation’s 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 Environment, Health and Safety 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 EHS Obligations 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 three times 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

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.

A. EHS Management System. For the purpose of gaining and maintaining reasonable assurance that the Corporation's subsidiaries possess an EHS Management System that allows the Corporation's subsidiaries to meet the EHS Obligations:

- (a) recommend to the Board for approval, and review on an annual basis, corporate-level EHS policies for implementation by the Corporation's subsidiaries;
- (b) review, on an annual basis, an overview of the principal EHS Obligations imposed by law on the Corporation's subsidiaries;
- (c) review, on an annual basis, the structure of the EHS Management System of each of the Corporation's subsidiaries, which review shall consist of:
 - (i) a chart or diagram depicting each corporate-level policy and each operating policy or procedure emanating from each corporate-level policy; and
 - (ii) a brief description of the purpose of each policy and procedure referred to in clause (i) above; and
- (d) at the first meeting of the Committee in each calendar year, approve an EHS plan for that year applicable to the Corporation's subsidiaries setting out:
 - (i) the EHS performance targets to be achieved by the Corporation's subsidiaries;
 - (ii) the key focus areas to be focused on by the Corporation's subsidiaries to improve their EHS performance; and
 - (iii) the resources that will be required by Corporation's subsidiaries to carry out the EHS plan;

such approval to be granted only after the Committee has gained reasonable assurance that the EHS performance targets represent a sufficient challenge and are capable of being achieved by the Corporation's subsidiaries, the key focus areas to be focused on by the Corporation's subsidiaries are likely to improve the EHS performance of the Corporation's subsidiaries, and the Corporation's subsidiaries possess or have access to the resources they will need to carry out the EHS plan in an effective manner.

B. Compliance. For the purpose of gaining and maintaining reasonable assurance that the Corporation's subsidiaries are conducting their operations in compliance with the EHS Management System and applicable law:

- (a) review, at each regularly-scheduled meeting of the Committee, a report prepared by the Corporation's management setting out:

- (i) any significant EHS incident (as defined in the Significance Policy referred to below) that occurred since the last report;
 - (ii) any EHS incident (whether or not significant for purposes of the Significance Policy) that required reporting to regulatory authorities that occurred since the last report;
 - (iii) the principal findings of all compliance audits conducted in the current year in respect of the operations of the Corporation's subsidiaries;
 - (iv) the corrective action plans (including completion deadlines) undertaken by the Corporation's subsidiaries to address the matters in clauses (i) through (iii) above; and
 - (v) the status of all outstanding corrective action plans;
- (b) recommend to the Board for approval, and review on an annual basis, a policy on reporting significant EHS matters to the Board (the "Significance Policy"), which Significance Policy shall address the reporting of:
- (i) significant EHS incidents that occur within the operations of, or which affect any of the employees of, the Corporation's subsidiaries; and
 - (ii) any other significant information concerning the EHS performance of the Corporation's subsidiaries; and
- (c) at each regularly scheduled meeting of the Committee, approve for submission to the Board a report setting out the information required to be reported to the Board pursuant to the Significance Policy;

C. EHS Performance. For the purpose of gaining reasonable assurance that the EHS Management System is effective in enabling the Corporation's subsidiaries to meet the EHS Obligations:

- (a) review and approve, at the first meeting of the Committee in each calendar year, the EHS performance metrics (collectively, the "Metrics") to be tracked and reported on to the Committee by the Corporation's subsidiaries;
- (b) review, at each regularly-scheduled meeting of the Committee, a report of the performance of each of the Corporation's subsidiaries in relation to each of the Metrics (per month, on a year-to-date basis and, where practicable, on a year-over-year basis);
- (c) review, at the first regularly-scheduled meeting of the Committee in each calendar year, a report (the "Annual EHS Assessment") prepared by an external consultant for the Committee and the Board setting out:

- (i) the external consultant's assessment of the extent to which the Corporation's subsidiaries met the EHS Obligations in the previous calendar year; and
 - (ii) any changes to the EHS Management System or the EHS practices employed by the Corporation's subsidiaries recommended by the external consultant in order to enable the Corporation's subsidiaries to meet the EHS Obligations; and
- (d) review, at each regularly-scheduled meeting of the Committee, an update on the actions undertaken by the Corporation's subsidiaries to address the recommendations, if any, arising from the Annual EHS Assessment.

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

- (a) receive, at each regularly-scheduled meeting of the Committee, an update on the matters considered by the EHS management steering committees of the Corporation's subsidiaries;
- (b) monitor any developments in the area of EHS and consider their potential impact on the Corporation's subsidiaries;
- (c) review this Charter and communicate any desired changes, on an annual basis, to the Corporate Governance Committee of the Board; and
- (a) 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

**Schedule “D”
Human Resources and Compensation Committee Charter**

[Current Board-approved version to be attached]

HUMAN RESOURCES AND COMPENSATION 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. Human Resources Objectives.** The attraction, development and retention by the Corporation and its subsidiaries of the human resources they require to achieve the Approved Primary Objective(s) (as that term is defined in the *Board of Directors’ Mandate*) constitutes a significant aspect of the management of the Corporation’s business and affairs (the “Human Resources Objectives”).
- B. Authority.** The fundamental duty of the Board in overseeing and monitoring the human resources and compensation practices of the Corporation and its subsidiaries is to gain and maintain reasonable assurance that the Human Resources Objectives are being achieved by the Corporation and its subsidiaries. The Board believes its duty in that 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 Human Resources Objectives are being achieved 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 Human Resources and Compensation 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.

- 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 Human Resources Objectives are being met 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 four times 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, the President and CEO and the member of Management appointed by the President and CEO to be the primary interface and support for the Committee, in all cases 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. Management Structure.** For the purpose of gaining and maintaining reasonable assurance that the Corporation and its subsidiaries possess a management structure that will enable the Corporation to achieve the Approved Primary Objective(s):
- (a) review, on an annual basis, a management organization chart containing the titles and depicting the reporting relationships of each employee of the Corporation and its subsidiaries holding the position of “Director”, “General Manager”, “Vice-President”, “Senior Vice-President”, “Divisional President”, “President” or any equivalent position (collectively, the “Leadership Team”); and
 - (b) review, on an annual basis, the principal responsibilities of the officers of the Corporation and its subsidiaries.

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

B. Executive Compensation Program. For the purpose of gaining and maintaining reasonable assurance that the compensation program for the officers of the Corporation and its subsidiaries consists of an appropriate combination of base salary, short-term incentives, long-term incentives and benefits, recommend to the Board for approval, and review on an annual basis, a compensation program for such persons (the “Executive Compensation Program”), which recommendation shall include:

- (a) a description of each component of the compensation program, including:
 - (i) the potential value of each component of compensation in monetary terms and as a percentage of total compensation;
 - (ii) the principle terms and conditions applicable to each component of compensation; and
 - (iii) the behaviours that each component of compensation is intended to incentivize;
- (b) a description of the market analysis conducted in arriving at the recommendation; and
- (c) confirmation that the Committee has reviewed the Executive Compensation Program with a view to satisfying itself that:
 - (i) the Executive Compensation Program is not reasonably expected to create or constitute an incentive for the officers of the Corporation to engage in unethical behaviour or make business decisions which are not in the Corporation’s best interests; or
 - (ii) the Corporation has in place internal controls which can reasonably be expected to detect and prevent such unethical behaviour or undesirable business decisions that might be incited by the Executive Compensation Program.

C. Appointment, Evaluation and Compensation of the President and CEO. For the purpose of gaining and maintaining reasonable assurance that the President and CEO is managing the business and affairs of the Corporation and its subsidiaries in a manner that will enable the Corporation to achieve the Approved Primary Objective(s):

- (a) recommend the President and CEO to the Board for appointment, such recommendation to be made only after the Committee has gained reasonable assurance that the person being recommended for appointment as President and CEO is capable of managing the business and affairs of the Corporation and its subsidiaries in a manner that will enable the Corporation to achieve the Approved Primary Objective(s);
- (b) recommend to the Board for approval:

- (i) the terms and conditions of the President and CEO's employment and any changes to such terms and conditions, having regard to the Executive Compensation Program approved by the Board; and
 - (ii) all payments to the President and CEO under variable compensation programs, having regard to the assessment of the President and CEO's performance confirmed by the Board; and
- (c) assess, on an annual basis, the performance of the President and CEO having regard to:
- (i) the position description for the President and CEO approved by the Board;
 - (ii) the goals and objectives for the President and CEO approved by the Board; and
 - (iii) any other matters considered by the Committee or the Board to be relevant to such assessment.

D. Appointment, Evaluation and Compensation of Executive Management. For the purpose of gaining and maintaining reasonable assurance that the Corporation and its subsidiaries have a competent executive management team that will, under the leadership of the President and CEO, enable the Corporation to achieve the Approved Primary Objective(s):

- (a) recommend to the Board the appointment of all officers of the Corporation and/or its subsidiaries, such recommendation to be made upon the recommendation of the President and CEO and only after the Committee has gained reasonable assurance that the person being recommended for appointment as an officer of the Corporation and/or its subsidiaries is not an inappropriate person to be an officer of the Corporation and/or its subsidiaries;
- (b) recommend to the Board for approval and review on an annual basis:
 - (i) the terms and conditions of the employment of all senior officers² of the Corporation and its subsidiaries, in each case having regard to the parameters established by the Executive Compensation Program approved by the Board; and
 - (ii) all payments to the senior officers of the Corporation and its subsidiaries under variable compensation programs, having regard

² "Senior officer" means an officer of the Corporation or of one of the Corporation's subsidiaries who functionally reports directly to the President and CEO.

in each case to the President and CEO's assessment of each senior officer's performance; and

- (c) review, on an annual basis, the President and CEO's assessment of the performance of the senior officers of the Corporation and its subsidiaries.

E. Executive Succession Planning. For the purpose of gaining and maintaining reasonable assurance that the Corporation will continue to have (i) a President and CEO who is capable of managing the business and affairs of the Corporation and its subsidiaries in a manner that will enable the Corporation to achieve the Approved Primary Objective(s), and (ii) an executive management team who will continue, under the leadership of the President and CEO, to enable the Corporation to achieve the Approved Primary Objective(s), in each case following the retirement, resignation, termination, permanent disability or death of such persons, review, on an annual basis, a succession plan for the President and CEO and all senior officers of the Corporation and its subsidiaries consisting of:

- (a) the identification of one or more potential short-term and one or more potential long-term successors;
- (b) the experience, formal training and leadership qualities possessed by each potential successor; and
- (c) the identification of any additional training or experience that would assist with the development of the long-term succession candidates.

F. Compensation Management. For the purpose of gaining and maintaining reasonable assurance that the overall compensation philosophy for the employees of the Corporation and its subsidiaries balances the objectives of (i) attracting, developing and retaining highly competent employees, (ii) appropriately and fairly incenting and rewarding strong performance by employees in both the short-term and the long-term, and (iii) maintaining employee costs at a competitive level:

- (a) recommend to the Board for approval, and review on an annual basis, a compensation philosophy for the Corporation and its subsidiaries;
- (b) approve all mandates for collective bargaining with unionized employees of the Corporation and its subsidiaries;
- (c) review, on an annual basis, a summary of the compensation structure applicable to each employee group of the Corporation and its subsidiaries;
- (d) review, on an annual basis, the principal terms and conditions of all incentive and significant benefit plans³ applicable to the employees of the Corporation and its subsidiaries; and

³ A "significant benefit plan" is a plan that requires the expenditure of funds or the use of more than nominal resources to administer.

- (e) approve the principal terms and conditions of all retirement plans and significant benefit plans applicable to the employees of the Corporation and its subsidiaries.

G. Attraction, Development and Retention Practices. For the purpose of gaining and maintaining reasonable assurance that the Corporation and its subsidiaries have effective policies and practices to enable them to attract, develop and retain the human resources they require, review, on an annual basis:

- (a) the strategy employed by the Corporation and its subsidiaries to attract highly competent employees;
- (b) the practices in effect at the Corporation and its subsidiaries governing the training and development of employees at each level of the organization; and
- (c) the President and CEO's assessment of the effectiveness of the practices referred to in paragraph (a) and (b) above and, if necessary, his or her plans to improve on such practices.

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

- (a) recommend to the Board for approval the designation of individuals eligible to participate in any supplemental executive retirement plan of the Corporation or its subsidiaries;
- (b) assess the extent to which the Corporation and its subsidiaries have achieved the performance targets or other conditions specified under variable compensation programs;
- (c) review this Charter and communicate any desired changes, on an annual basis, to the Corporate Governance Committee of the Board; 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

**Schedule “E”
Pension Committee Charter**

[Current Board-approved version to be attached]

PENSION 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 subsidiaries.

A. Pension Administration. The administration of the retirement savings plans maintained by the Corporation’s subsidiaries constitutes a significant aspect of the management of the business and affairs of the Corporation and its subsidiaries. The Corporation’s subsidiaries sponsor the following retirement plans (which are collectively referred to as the “Plans”):

- (a) two registered pension plans:
 - i. the Purolator Inc. Salaried Employees’ Pension Plan (the “Salaried Plan”), and
 - ii. the Purolator Inc. Hourly Employees’ Pension Plan (the “Hourly Plan”);
- (b) one supplemental plan:
 - i. the Supplemental Executive Retirement Plan of Purolator Inc. (the “SERP”);
- (c) two group registered retirement savings plans:
 - i. the Retirement Savings Plan for the Executive Employees of Purolator Inc. (the “Executive RRSP”), and
 - ii. the Voluntary Retirement Savings Plan for Employees of Purolator Inc. (the “Voluntary RRSP”); and
- (d) one 401(k) retirement plan:
 - i. the Purolator International, Inc. 401(k) Retirement Plan (the “US Plan”).

The Salaried Plan has a defined benefit component and a defined contribution component. The Hourly Plan and the defined benefit component of the Salaried Plan are referred to collectively as the “DB Plans”. The Executive RRSP, the Voluntary RRSP, and the defined contribution component of the Salaried Plan are referred to collectively as the “DC Plans”. All of the Plans except the US Plan are referred to collectively, as the “Plans”.

In general terms, the obligations relating to the administration of the Plans (the “Governance Obligations”) are established by applicable law and by the Board. The most significant Governance Obligations include, but are not limited to:

- (a) establishing an appropriate governance structure for the Plans and monitoring the performance of all parties engaged to carry out the Governance Obligations;
- (b) establishing and annually reviewing statements of investment policies and procedures (“SIPPs”) for the Plans and monitoring the extent to which the objectives in the SIPPs are being met;
- (c) ensuring the accurate and timely processing of transactions, maintaining appropriate records of such transactions and monitoring the cost effectiveness of the Plans;
- (d) communicating with Plan members and providing them with appropriate investment education resources; and
- (e) ensuring compliance with the terms of the Plans and applicable law.

Responsibility for the administration and governance of the US Plan rests with Purolator International, Inc. (“Purolator International”), its Board of Directors (the “US Board”) and the 401(k) Administrative Committee (the “401(k) Committee”) appointed by the US Board.

B. Authority. The fundamental duty of the Board in overseeing and monitoring the administration of the Plans is to gain and maintain reasonable assurance that the Governance Obligations are being met by the Corporation’s subsidiaries. The Board believes its duty in that 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 as to whether the Governance Obligations are being met by the Corporation’s 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 Pension 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 of any of its subsidiaries.
- 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) the financial statements of a Plan that is prepared by an accountant, or a written report of the auditor or auditors of such Plan, that have been represented to the Corporation as fairly reflecting the financial condition of such Plan; or
- (b) a report of an accountant, an actuary, a lawyer, a notary or another professional person whose profession lends credibility to the report.

5. STANDARD OF CARE

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be obliged to (i) exercise the degree of care that a person of ordinary prudence would exercise in dealing with the property of another person, and (ii) use all relevant knowledge and skill that the Member possesses or, ought to possess by reason of the Member’s profession, business or calling. 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 Obligations are being met by the Corporation’s subsidiaries and to enable the Committee to report thereon to the Board.

6. CONFLICTS OF INTEREST

- A. Scope of Conflict.** An actual or perceived conflict of interest may arise as a result of a Member:
- (a) having or acquiring a direct or indirect material pecuniary interest in a Plan investment or proposed investment; or
 - (b) potentially or actually materially benefiting from an amendment to the Plans or from knowledge of, participation in, or by virtue of, a Plan investment or investment decision.

Without limiting the generality of the foregoing, an actual or perceived conflict of interest includes:

- (i) having or receiving a material benefit from any asset held in the Plan;
- (ii) having or receiving any material holdings in the securities of any corporation, trust or partnership the securities which are held by the Plan;
- (iii) being a member of the board of any such corporation, trust or partnership;
or
- (iv) having actual or proposed contracts with any such corporation, trust or partnership.

B. Requirement to Disclose. A Member must disclose any direct or indirect association or material interest or involvement in aspects related to his or her role with regard to the investment of the Plan assets that would result in any actual or perceived conflict of interest.

C. Disclosure Procedure. A Member shall disclose the nature and extent of his or her actual or perceived conflict of interest in writing upon becoming aware of the actual or perceived conflict. Such disclosure shall be made whether the Member's actual or perceived conflict of interest arises before or after the transaction giving rise to the conflict of interest has been completed. Written disclosure shall be made to the Committee Chair, and the Committee Chair shall immediately advise all Members in writing of the conflict. The disclosure must be made orally if knowledge of the conflict arises in the course of a discussion at a meeting of the Committee and the minutes of the Committee meeting must capture the disclosure. As soon as the actual or perceived conflict is disclosed, the Committee Chair shall, through a Committee meeting or by taking other appropriate steps, decide upon a suitable course of action to resolve the conflict.

D. Conflict of Interest Involving Pension Committee Chair. In case the conflict of interest involves the Committee Chair, the Committee Chair shall immediately advise all other Members of the conflict in writing or at a Committee meeting. The other Members shall then designate an acting Chair for the purposes of any matter coming before the Committee involving the conflict of interest (including the resolution of the conflict) and the procedures relating to the resolution of a conflict of interest, as outlined above, shall apply.

E. Abstention from Decisions and Deliberations. Unless otherwise determined permissible by the Committee, any Member having a conflict will thereafter abstain from the deliberations and decision making with respect to the matter that has given rise to such conflict. The failure of a Member to comply with the procedures described in this Section 6 shall not itself invalidate any decision, contract or other matter pertaining to investment of the funds.

F. Related Party Transaction. For the purpose of the Plans, a “related party” and a “transaction” in respect of the Plan have the meanings given to such terms in Schedule III of the *Pension Benefits Standards Regulations, 1985* (Canada). The following related party transactions are permitted for the Plans:

- (a) any transaction that is required for the operation or administration of the Plan, the terms and conditions of which are not less favourable to the Plan than market terms and conditions;
- (b) any transaction the value of which is nominal (that is, less than 3% of the market value of a particular pooled or guaranteed fund) or which is immaterial to the Plan (that is, the terms and conditions of the transaction are not less favourable to the Plan than market terms and conditions); two or more transactions with the same related party shall be considered a single transaction; and
- (c) any purchase of securities of a related party, provided that those securities are acquired at a public exchange recognized under the *Pension Benefits Standards Act and Regulations, 1985* (Canada).

7. OPERATING PROCEDURES

A. Frequency of Meetings. The Committee shall meet four times 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, the President and CEO and the officer of the Corporation appointed by the President and CEO to be the primary interface and support for the Committee, in all cases 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.

8. 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:

A. **Governance.** For the purpose of gaining and maintaining reasonable assurance as to the effectiveness of the governance structures and processes for the Plans:

- (a) designate and, on an annual basis or more frequently if necessary, confirm or change the management positions primarily responsible for the governance of the Plans (“Management”);
- (b) review, on an annual basis or more frequently if necessary, the performance of Management in the governance of the Plans;
- (c) review and provide to the Board, on an annual basis, an *Annual Pension Governance Report* prepared by or at the request of Management with respect to the following aspects of the Plans: (i) governance structure; (ii) plan design; (iii) funding; (iv) investing; (v) administration; (vi) audits; (vii) legal compliance; (viii) communication and education; and (ix) any other aspect of the Plans considered appropriate by Management for inclusion in the report;
- (d) review, on an annual basis, a statement from Management (whether on its own or as part of the *Annual Pension Governance Report*) confirming the compliance of:
 - (i) the Plans with the *Pension Plan Governance Guidelines* issued by the Canadian Association of Pension Supervisory Authorities; and
 - (ii) the DC Plans with the *Guidelines for Capital Accumulation Plans* issued by the Joint Forum of Financial Market Regulators (the “CAP Guidelines”); and
- (e) review, on an annual basis or more frequently if necessary, *Conflict of Interest Disclosure Statements* completed by each Member and each member of Management.

B. **Plan Design.** Plan design (e.g., decisions concerning benefits to be delivered to plan members) is a compensation decision that falls within the scope of the duties delegated by the Board to the Human Resources and Compensation Committee of the Board. However, in order to gain and maintain reasonable assurance that any proposed change to the design of the Plans will not diminish the ability of the Corporation’s subsidiaries to meet their Governance Obligations, the Committee may make recommendations to the Board on plan design when delivering the *Annual Pension Governance Report* to

the Board or at such time as plan design matters are considered by the Human Resources and Compensation Committee of the Board.

C. Defined Benefit Funding Policy.¹ For the purpose of gaining and maintaining reasonable assurance that the DB Plans are being appropriately funded:

- (a) following consultation with the Audit Committee of the Board (the “Audit Committee”), recommend to the Board for approval a funding policy for the DB Plans and, as and when appropriate, any changes to such funding policy;
- (b) following consultation with the Audit Committee, recommend to the Board for approval, as and when appropriate, any contributions in excess of the contributions required under the funding policy for the DB Plans;
- (c) approve the appointment of the actuary of the DB Plans (the “Actuary”) and, on an annual basis or more frequently if necessary:
 - (i) review the performance of the Actuary; and
 - (ii) confirm the continuation of or replace the Actuary;
- (d) review and approve, on an annual basis, the actuarial assumptions and actuarial report in respect of the DB Plans prepared by the Actuary; and
- (e) review, on a quarterly basis, an update from the Actuary concerning the financial position of the DB Plans.

D. Defined Benefit Investment Policy.² For the purpose of gaining and maintaining reasonable assurance that appropriate investment objectives are set for the DB Plans and that those objectives are being met:

- (a) approve and, on an annual basis, review and amend or confirm the continuation of the SIPP(s) established in respect of the DB Plans;
- (b) approve the appointment of the investment managers engaged to invest any portion of the assets of the DB Plans (the “Investment Managers”) and, on an annual basis or more frequently if necessary:
 - (i) review (with the assistance of the DB Investment Consultant(s)) the performance of the Investment Managers; and
 - (ii) confirm the continuation of or replace one or more of the Investment Managers;

¹ For purposes of this section, any reference to “DB Plans” is deemed to include the SERP.

² For purposes of this section, any reference to “DB Plans” is deemed to include the SERP.

- (c) approve the mandate(s) applicable to each of the Investment Managers and, as and when appropriate, any changes to such mandate(s);
- (d) approve the appointment of the investment consultants to assist with the monitoring activities referred to in paragraph (e) below (the “DB Investment Consultants”) and, on an annual basis or more frequently if necessary:
 - (i) review the performance of the DB Investment Consultants; and
 - (ii) confirm the continuation of or replace one or more of the DB Investment Consultants; and
- (e) monitor (with the assistance of the DB Investment Consultant(s)), on a quarterly basis:
 - (i) the performance of the Investment Managers; and
 - (ii) the compliance of the Investment Managers with the relevant SIPP(s) and mandates.

E. Defined Contribution Investment Policy. For the purpose of gaining and maintaining reasonable assurance that appropriate investment options are offered to members of the DC Plans:

- (a) approve and, on an annual basis, review and amend or confirm the continuation of the SIPP(s) established in respect of the DC Plans;
- (b) approve the record-keeper for the DC Plans (the “Record-keeper”) and, on an annual basis or more frequently if necessary:
 - (i) review the performance of the Record-keeper; and
 - (ii) confirm the continuation of or replace the Record-keeper;
- (c) approve all investment options (the “Investment Options”) offered to members of the DC Plans and, on an annual basis or more frequently if necessary, confirm the continuation of or replace one or more of the Investment Options;
- (d) approve the appointment of investment consultants to assist with the monitoring activities referred to in paragraph (e) below (the “DC Investment Consultants”) and, on an annual basis or more frequently if necessary:
 - (i) review the performance of the DC Investment Consultants; and
 - (ii) confirm the continuation of or replace one or more of the DC Investment Consultants; and

- (e) monitor (with the assistance of the DC Investment Consultant(s)), on a semi-annual basis:
 - (i) the performance of each of the Investment Options; and
 - (ii) the compliance of the Investment Options with the relevant SIPP(s).

F. Administration. For the purpose of gaining and maintaining reasonable assurance that the Corporation's responsibilities in relation to the day-to-day administration of the Plans are being met:

- (a) approve the appointment of the trustee and custodian for the assets of the DB Plans (the "Trustee/Custodian") and, on an annual basis or more frequently if necessary:
 - (i) review the performance of the Trustee/Custodian; and
 - (ii) confirm the continuation of or approve the replacement of the Trustee/Custodian;
- (b) review, on an annual basis, a statement from Management (whether on its own or as part of the *Annual Pension Governance Report*) confirming that all responsibilities have been materially fulfilled with respect to the administration of the Plans; and
- (c) review, on a quarterly basis, a summary of all expenses charged against the Plans.

G. Fund Audits. For the purpose of gaining and maintaining reasonable assurance as to the financial position of the Plans, review the audited financial statements of the registered Plans prepared in accordance with the *Pension Benefits Standards Act* (Canada) (the "Plan Statements") and, upon completing such review and considering any matters raised by the Audit Committee in relation to the Plan Statements, report to the Board as to whether the Committee has gained reasonable assurance that the Plan Statements present fairly the financial position of the registered Plans.

H. Legal Compliance. For the purpose of gaining and maintaining reasonable assurance that the Plans are being administered in compliance with applicable law:

- (a) confirm with Management on an annual basis (whether through a stand alone statement or through the *Annual Pension Governance Report*) any changes in law requiring changes to the text of the Plans;
- (b) review, as and when required, any legal developments that could be reasonably expected to have a significant impact on any of the Plans; and

- (c) review and recommend to the Board for approval, as and when required, any material amendments³ necessary to ensure the continued legal compliance of the Plans or any ancillary agreements or documents, provided that Management shall be able to effect any non-material amendments⁴ to the Plans, provided further that any such non-material amendments to the Plans are then brought to the Committee's attention for the purpose of recommending them to the Board for ratification and approval.

I. Plan Communication and Education of Plan Members. For the purpose of gaining and maintaining reasonable assurance that the Corporation's communication and education practices with Plan members satisfy applicable legal requirements and are consistent with the CAP Guidelines:

- (a) review, on an annual basis, the communication policy applicable to the Plans; and
- (b) review, as and when required, any significant communications or educational policies that are out of the ordinary course.

J. US Plan. For the purpose of gaining and maintaining reasonable assurance as to the effectiveness of the governance structures and processes for the US Plan, review, on an annual basis, a report on the governance of the US Plan which includes:

- (a) a summary of the material activities of the 401(k) Committee;
- (b) a report as to the frequency of meetings held by the 401(k) Committee and the attendance of 401(k) Committee members at such meetings;
- (c) confirmation that the US Plan is being administered in compliance with the text of the US Plan and applicable legislation;
- (d) confirmation that benefits are being paid in accordance with the US Plan provisions;
- (e) a summary of the performance of the investments offered to members of the US Plan;
- (f) confirmation that the investments offered to members of the US Plan comply with the US Plan's investment policy statement ("IPS");

³ A "material amendment" is something other than a "non-material amendment" (see note below).

⁴ A "non-material amendment" is an amendment that does not alter the cost of benefits under the Plan or the required contributions to the Plan and is: (a) required to maintain the registration of the Plan under the *Income Tax Act* (Canada) or the *Pension Benefits Standards Act, 1985* (Canada); (b) advisable in order to clarify the terms of the Plan; or (c) advisable in order to better facilitate the administration of the Plan.

- (g) a summary of any changes to (i) the investments offered to members of the US Plan, or (ii) the IPS;
- (h) an evaluation of the performance of key service providers to the US Plan; and
- (i) information concerning any analyses and/or recommendations respecting the design of the US Plan.

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

- (a) review this Charter and communicate any desired changes, on an annual basis, to the Corporate Governance Committee of the Board; and
- (b) 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

**Schedule “F”
Position Description for Directors**

[Current Board-approved version to be attached]

POSITION DESCRIPTION FOR DIRECTORS¹

1) Basic Function

Each Director is, together with the other members of the Board, responsible for the stewardship of the Corporation. This entails managing, or, to the extent that the authority to manage the business and affairs of the Corporation has been delegated to the President and CEO, supervising the management of the business and affairs of the Corporation. To this end, a Director must devote his or her best efforts to the fulfillment of the Board's responsibilities set out in the Board of Directors' Mandate and must, in discharging his or her duties:

- a) act honestly and in good faith with a view to the best interests of the Corporation; and
- b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

2) Specific Responsibilities

A Director shall:

- a) discharge his or her duty of honesty and good faith by, among other things:
 - i) not acting fraudulently or consenting to a transaction that is not authorized by applicable laws or the Corporation's Articles or By-laws;
 - ii) not making any false representation to, or withholding any relevant information from, his or her fellow Directors with a view to influencing their decision in respect of a particular matter;
 - iii) disclosing to his or her fellow Directors any interest that he or she may have as a party to a proposed material contract or transaction with the Corporation;
 - iv) where necessary or appropriate, refusing any documentation or information relating to a contract or transaction in respect of which the Director has disclosed an interest;
 - v) not allowing his or her personal interest, or the interest of a particular shareholder or group of shareholders, to interfere with the Director's loyalty to the Corporation and considering each proposal submitted for consideration to the Board on its merits and with a view to the best interests of the Corporation;
 - vi) promptly communicating to the Board Chair any information that may be necessary or useful to the Corporation or Management in the conduct of the Corporation's business; and
 - vii) not disclosing, or allowing to be disclosed, to any person not entitled thereto any information relating to the business and affairs of the Corporation which has not been made available to the public, nor allowing any such person to have access to or inspect any books or records relating to the business and affairs of the

¹ All capitalized terms used in this document have the meanings given to them in the Board of Directors' Mandate, as approved and amended by the Board from time to time.

Corporation that have been made available to him or her as a Director or that otherwise belong to or are in the possession of the Corporation; and

- b) discharge the duty of care, diligence and skill by, among other things:
- i) familiarizing him or herself with the business and affairs and the significant policies of the Corporation;
 - ii) engaging in continuing education and/or self-study opportunities to improve his or her knowledge of the industry in which the Corporation competes and his or her duties as a Director;
 - iii) regularly attending and preparing in advance for all meetings of the Board and any Committees of which he or she is a member;
 - iv) remaining at Board and Committee meetings until their conclusion;
 - v) taking reasonable steps to become informed about every issue submitted for consideration to the Board or a Committee of which he or she is a member, and making all decisions on a reasonably informed basis;
 - vi) employing his or her abilities, education, experience and training in considering all issues before the Board;
 - vii) developing and maintaining sufficient financial literacy to appreciate the financial implications of proposed strategies, tactics and transactions;
 - viii) understanding the specifics of, and the relationship between, the Approved Strategy and the Approved Primary Objective(s), and consistently evaluating decisions and actions against the Approved Strategy and the Approved Primary Objective(s);
 - ix) being economical with his or her words and the time of the Board;
 - x) encouraging open and candid discussion of all significant issues and being prepared to change his or her mind in appropriate circumstances;
 - xi) providing and welcoming constructive criticism;
 - xii) demonstrating a clear understanding and respect of the boundaries between the authorities and responsibilities of the Board and Committees and the authorities and responsibilities of Management; and
 - xiii) accepting accountability, jointly with the rest of the Board, for the performance of the Corporation.

Effective January 1, 2011

**Schedule “G”
Position Description for the Board Chair
[Current Board-approved version to be attached]**

POSITION DESCRIPTION FOR THE BOARD CHAIR¹

1) Basic Function

The Board Chair is responsible for facilitating highly effective performance by the Board. The Board Chair is not an executive of the Corporation in the sense that the Board Chair is not responsible for the management of any aspect of the Corporation's business.

In discharging his or her responsibilities, the Board Chair will, from time to time: (i) provide leadership to the Board on specific issues; (ii) assist the Board in performing its duties and meeting its obligations, including the duties and obligations of the Board specified in the Board of Directors' Mandate relating to strategic planning; (iii) at and in accordance with the direction of the Board, act as the spokesperson for the Board; (iv) at the request of the Board and/or the President and CEO, act as an intermediary between the Board and the President and CEO; and (v) at the request of the Board and/or the President and CEO, provide advice and counsel to the President and CEO.

2) Responsibilities

The Board Chair shall:

- a) plan and organize the activities of the Board by, among other things:
 - i) scheduling the number and timing of Board meetings so as to enable the Board to deal on a timely basis with all matters for which the Board is responsible and with which the Board as a whole chooses or is obliged to deal;
 - ii) in consultation with the Chairs of the Committees, the President and CEO and other members of Management (as appropriate), establishing the agenda for each Board meeting with a view to bringing before the Board (A) matters in respect of which the Chairs of the Committees, the President and CEO or other members of Management require or want Board direction or approval, and (B) matters with which the Board wishes or is obliged to deal;
 - iii) using his or her best efforts to provide or cause to be provided to the Board a reasonable time in advance of each Board meeting all reasonably required and available information relating to each matter to be dealt with by the Board at that meeting;
 - iv) monitoring the content, length and general presentation style of the materials provided to the Board and each Committee with a view to ensuring that such materials are appropriate having regard to the duties and responsibilities of the Board and the Committees;
 - v) prior to any Board meeting, conferring with one or more Directors on any matter to be discussed at the Board meeting, if in the Chair's opinion, the discussion of that matter at the Board meeting would be thereby enhanced;

¹ All capitalized terms used in this document have the meanings given to them in the Board of Directors' Mandate, as approved and amended by the Board from time to time.

- vi) where the subject matter and expected duration of a Board meeting or the particular circumstances of a Director would so warrant, encouraging a Director or Directors to participate in the meeting by means of telephone, teleconference, videoconference or other methodology by which Directors participating in the meeting are able to speak to and be heard by each other; and
 - vii) using his or her best efforts to promote and support the Desired Board Culture;
- b) chair all meetings of the Board and in so doing:
- i) conduct the business of each Board meeting in a manner that will normally result in all matters on the meeting's agenda being dealt with effectively;
 - ii) propose the termination of discussion on any matter at a Board meeting when he or she is of the opinion that the matter has been thoroughly canvassed and that no new points of view or information are being presented (with the understanding that the Board Chair's discretion in such cases will be exercised so as to err on the side of allowing excessive discussion rather than insufficient discussion);
 - iii) attempt to achieve a consensus of Directors on any matter discussed at a Board meeting in respect of which (A) the Board's decision, views or advice has been requested or is required, and (B) Directors express conflicting positions, views or advice;
 - iv) ensure that all Directors who wish to address a matter at a Board meeting are afforded a reasonable opportunity to do so; and
 - v) in any case where a Director has an interest or potential conflict in or in respect of a matter to be discussed at a Board meeting, attempt to arrange for the conflicted Director to excuse himself/herself from all or a portion of the Board discussion of that matter if the Board Chair is of the opinion that the Board discussion of that matter would be enhanced by the absence of the conflicted Director;
- c) chair all annual and special meetings of the Corporation's shareholders;
- d) assist the Board and the Corporate Governance Committee by:
- i) assisting with the identification and recruitment of Director candidates to be nominated for election by the shareholders of the Corporation or, in the event of a vacancy on the Board, appointed by the Board;
 - ii) developing recommendations with respect to the composition and Chairs of the Committees;
 - iii) designing and implementing processes for evaluating the performance of the Board and individual Directors;
 - iv) using reasonable efforts to alert the Board to changes in the law and/or best practice respecting the duties of Directors; and

- v) recommending amendments to the Code of Conduct, the Board of Directors' Mandate, and the charters of each of the Committees;
- e) assist the Board and the Human Resources and Compensation Committee by:
 - i) assisting with the development of the Succession Plan as it relates to the position of the President and CEO; and
 - ii) assisting with the identification and recruitment of appropriate candidates for appointment by the Board to the position of the President and CEO;
- f) oversee the activities of the Corporate Secretary and settle, with the Corporate Secretary and the relevant Committee Chairs, the draft minutes of all Board and Committee meetings for approval by the Directors;
- g) assist the Board, each Committee and Management in understanding and respecting the boundaries between the authorities and responsibilities of the Board and Committees and the authorities and responsibilities of Management; and
- h) perform such other functions as the Board may reasonably specify from time to time.

Effective January 1, 2011

**Schedule “H”
Position Description for the President and CEO**

[Current Board-approved version to be attached]

POSITION DESCRIPTION FOR THE PRESIDENT AND CEO¹

1) Basic Function

The President and CEO is responsible for managing the day-to-day business and affairs of the Corporation within the boundaries established by the Board and reporting on the business and affairs of the Corporation to the Board on a timely and regular basis.

2) Responsibilities

The President and CEO shall:

- a) develop and present to the Board the proposed Primary Objective(s) and Strategy;
- b) implement the Approved Strategy and regularly report to the Board on the Corporation's progress towards the achievement of the Approved Primary Objective(s);
- c) recommend officer appointments and changes to the Human Resources and Compensation Committee;
- d) manage the day-to-day business and affairs of the Corporation within the boundaries established by the Board and regularly report to the Board all significant facts and changes concerning the Corporation's business and affairs;
- e) implement all Board decisions in accordance with the terms thereof and regularly update the Board on the status of the implementation of those decisions;
- f) develop and maintain a Board-approved ERM process to identify, assess, monitor and manage Risks and report to the Board on Management's monitoring and managing of Principal Risks;
- g) develop and maintain operating policies and controls to ensure compliance with the Code of Conduct, all material obligations of the Corporation and applicable legal and regulatory requirements;
- h) develop and maintain a communications policy governing the disclosure of information concerning the Corporation's business and affairs to internal and external parties;
- i) develop and recommend a compensation philosophy and associated compensation and benefit programs to the Human Resources and Compensation Committee and, following approval by the Board, implement the approved philosophy and associated compensation and benefit programs;
- j) develop and recommend succession plans for all Management positions to the Human Resources and Compensation Committee;
- k) report his or her assessment of the performance of all members of Management who report directly to him or her to the Human Resources and Compensation Committee;
- l) communicate regularly with the Board Chair and Directors to ensure that they are provided in a timely manner with all information and access to Management necessary to permit the Board and the Committees to fulfill their duties; and
- m) perform such other functions as the Board may reasonably specify from time to time.

Effective January 1, 2011

¹ All capitalized terms used in this document have the meanings given to them in the Board of Directors' Mandate, as approved and amended by the Board from time to time.

**Schedule “T”
Position Description for the Corporate Secretary**

[Current Board-approved version to be attached]

POSITION DESCRIPTION FOR THE CORPORATE SECRETARY¹

1) Basic Function

The Corporate Secretary is responsible for assisting the Board in gaining and maintaining reasonable assurance that the Board and Management are complying with the Corporation's governance obligations.

2) Responsibilities

The Corporate Secretary shall, in that capacity, report to the Board Chair and, in consultation with President and CEO and the Committee Chairs, shall:

- a) organize and service the shareholders, Board, and Committee meetings in accordance with any procedures agreed upon by the Board from time to time, and coordinate the preparation and distribution of appropriate notices, agendas and supporting documentation;
- b) attend all shareholders, Board and, where possible, Committee meetings and act as Secretary at each such meeting or arrange for a suitable person to act as Secretary on his or her behalf when necessary;
- c) prepare and circulate minutes of meetings and ensure that the details of the resolutions and decisions are in order so that proper account of them is taken by the Corporation;
- d) arrange for the payment of remuneration and reimbursement of expenses of the Directors;
- e) arrange for the orientation of new Directors;
- f) provide, or arrange for the provision of, advice to the Board in relation to corporate governance issues;
- g) ensure that all general and specific notices of interest, as the case may be, are entered in the appropriate Board meeting minutes and filed in the Corporation's minute books;
- h) when necessary or appropriate, withhold from a Director any documentation relating to a material contract or transaction in which the Director has disclosed an interest;
- i) ensure necessary filings with the proper authorities, control the security and application of the corporate seal, and maintain the Corporation's minute books; and
- j) perform such other functions as the Board Chair may reasonably specify from time to time.

Effective January 1, 2011

¹ All capitalized terms used in this document have the meanings given to them in the Board of Directors' Mandate, as approved and amended by the Board from time to time.