



## Board of Directors Mandate

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## **1. General**

The Board of Directors approves the overall policies for the Corporation, monitors and evaluates the Corporation's strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management. Accordingly, in addition to the duties of directors of a Canadian corporation as prescribed by statute, the mandate of the Board is to supervise the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation's resources are being managed in a manner consistent with enhancing shareholder value, and ethical considerations.

## **2. Responsibilities of the Board**

### **2.1 Legal**

- 2.1.1 Develop and maintain a thorough understanding of provincial and federal legislation relevant to the operation of the Corporation.
- 2.1.2 Review policies and procedures to confirm ethical behavior of the Corporation and its directors, officers and employees, and compliance with laws and regulations, including compliance with the Corporation's Code of Business Conduct and Ethics.
- 2.1.3 Ensure adequate implementation of systems to comply with health, safety and environmental policies and compliance with laws and regulations.
- 2.1.4 Approve the interim financial statements, annual financial statement, management proxy circulars, takeover bid circulars, directors' circulars, prospectuses, annual information forms and other disclosure documents required to be approved by the directors of a corporation under securities laws, regulations or rules of any applicable stock exchange.

### **2.2 Strategy and Policy**

- 2.2.1 Review and approve the Mission Statement of the Corporation.
- 2.2.2 Approve strategy and major policy decisions set forth by management.
- 2.2.3 Adopt a strategic planning process and approve annual capital and operating plans.
- 2.2.4 Monitor corporate performance against strategic plans
- 2.2.5 Review and approve borrowing requirements and borrowing authority relating to the Corporation's credit facilities.
- 2.2.6 Review and approve material transactions that:

- are not in the ordinary course of the business,
- differ significantly from the Corporation's strategic plan, or
- involve an acquisition or disposition of any asset valued at more than CAD \$3,000,000.

### **2.3 Accountability**

- 2.3.1 Ensure that it is properly informed, on a timely basis, of all important issues relating to developments involving the Corporation and its business environment.
- 2.3.2 Adopt and enforce good corporate governance practices and processes.
- 2.3.3 Monitor the effectiveness of internal control and management information systems.
- 2.3.4 Assess annually, the performance, effectiveness and contribution of the Board and each of its committees including an assessment of the mandates of the Board and each of its committees.
- 2.3.5 Assess annually, the performance, effectiveness and contribution of each director, considering any applicable position descriptions as well as the competencies and skills each director is expected to bring to the Board.
- 2.3.6 Assess annually the independence and financial literacy of each of its members.
- 2.3.7 Select, appoint, evaluate and, if necessary, terminate the Chief Executive Officer.
- 2.3.8 Satisfy itself as to the integrity of the Chief Executive Officer and other senior officers of the Corporation and as to the culture of integrity throughout the Corporation.
- 2.3.9 Review and approve the succession plan for the CEO and key executives.
- 2.3.10 Review human resources policies of the Corporation in general, including in particular the approval of the compensation of key executive officers.
- 2.3.11 Adopt and enforce policies and processes to satisfy itself as to the integrity of the Corporation's internal control and management information systems and its financial reporting.
- 2.3.12 Confirm that an appropriate orientation program is developed for new directors to ensure that all new directors fully understand the role of the Board and its committees, and the contributions Individual Directors are expected to make (including, in particular, the commitment of time and resources the Corporation expects from its directors and that continuing education opportunities are available for all directors.
- 2.3.13 Approve the signing authority, the duties and limitations of authority of senior management.
- 2.3.14 Develop and define a clear position description for each of the Chair of the Board, the Chair of each committee of

the Board, and the Lead Independent Director.

## **2.4 Risk Management**

- 2.4.1 Oversee the implementation of management of risks and implement internal controls.
- 2.4.2 Identify with management the principal risks of the Corporation's business and the systems put in place to manage these risks as well as monitor the adequacy of such systems.
- 2.4.3 Approve policies and processes to identify the Corporation's principal business risks, including hedging policies for the Corporation, and to confirm that systems are in place to mitigate these risks where prudent to do so.

## **2.5 Other Matters**

- 2.5.1 Approve a disclosure policy for the Corporation to include the following:
  - disclosure of reliable and timely information to shareholders.
  - proper communication with shareholders, customers and governments.
- 2.5.2 Formally call meetings of shareholders and submit any question or matter requiring approval of the shareholders.
- 2.5.3 Approve directors for nomination and election and recommend the auditors to be appointed at shareholders' meetings and fill any vacancy among the directors or in the office of the auditor.
- 2.5.4 Establish the dividend policy for the Corporation.

## **3. Responsibilities of Directors**

- 3.1.1 Develop and maintain a thorough understanding of the Corporation, the markets in which its business is conducted, its financial position, strategic direction and goals.
- 3.1.2 Diligently prepare for each meeting, ensuring that all distributed information is read and thoroughly understood.
- 3.1.3 Actively and constructively participate in each meeting, ensuring all relevant issues are given consideration.
- 3.1.4 Request information and clarification from management regarding any relevant aspect of the Corporation's affairs as needed.
- 3.1.5 Engage in continued director education as relevant to the Corporation.
- 3.1.6 Attendance at Board meetings and any committee meetings of which a director is a member in person or via teleconference.

## **4. Board Composition**

### **4.1 Board Membership Criteria**

The Corporate Governance and Compensation Committee (hereafter also referred to as the “Corporate Governance Committee”) is responsible for establishing the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the Board. The Corporate Governance Committee identifies candidates for Board membership based on their character, integrity, judgment and record of achievement and any skills and talents they possess which would add to the Board’s decision-making process and enhance the overall management of the business and affairs of the Corporation.

Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with or be incompatible with Board membership. Directors who change their principal occupation are expected to advise the Corporate Governance Committee and, if determined appropriate by the Corporate Governance Committee, resign from the Board.

### **4.2 Director Independence**

The Board believes that, except during periods of temporary vacancies, not less than half of its members should be Independent Directors.

In all cases, the determination of whether a director is independent must be made by the Board in accordance with applicable securities laws and stock exchange rules. Generally, an Independent Director means a director who has no direct or indirect material relationship with the Corporation. For these purposes, “material relationship” means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.

In making a determination regarding a director’s independence, the Board will consider all relevant facts and circumstances, including the director’s commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships and such other criteria as the Board may determine from time to time.

The Board will review the independence of all directors on an annual basis and will disclose its determinations annually. To facilitate this review, directors will be asked to provide the Board with full information regarding their business and other relationships with the Corporation and its affiliates and with senior management and their affiliates. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board’s determination as to their independence.

#### **4.3 Board Size**

The Corporate Governance Committee is responsible for evaluating the effectiveness of the Board size on a regular basis and reporting its analysis and recommendations to the Board.

#### **4.4 Term**

All directors are elected at the annual meeting of shareholders of the Corporation and will hold office until the next annual meeting of shareholders.

#### **4.5 Board Succession**

The Corporate Governance Committee is responsible for maintaining a Board succession plan that is responsive to the Corporation's needs and the interests of its shareholders.

#### **4.6 Service on Other Boards and Audit Committees**

The Board does not believe that its members should be prohibited from serving on the boards of other public companies so long as these commitments do not materially interfere with and are not incompatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

### **5. Delegation to Management**

The Board has delegated financial authority to the Chief Executive Officer (who may sub-delegate such authority to others within the Corporation as appropriate) for approval of expenditures, all of which must be made within the framework of the strategic plan of the Corporation approved by the Board.

### **6. Chair**

#### **6.1 Appointment**

The Board will in each year elect from among its members a Chair.

#### **6.2 General**

The Chair is principally responsible for overseeing the operations and affairs of the Board.

### **6.3 Specific Roles and Responsibilities**

- 6.3.1 Lead, manage and organize the Board, consistent with the approach to corporate governance adopted by the Board from time to time.
- 6.3.2 Preside as chair at all meetings of the Board and shareholders.
- 6.3.3 Approve the agenda of the board and shareholders' meetings, in consultation with the Corporate Secretary and any Lead Independent Director.
- 6.3.4 Confirm that Board functions are delegated to appropriate committees and that the functions are carried out and the results reported to the Board.
- 6.3.5 Together with any Lead Independent Director, approach potential candidates for Board membership, once candidates have been identified and selected by the Corporate Governance Committee, to explore their interest in joining the Board.
- 6.3.6 Confirm that the Board and senior management understand their respective responsibilities and respect the boundary between them.
- 6.3.7 Ensure the Board works as a cohesive team and provides the leadership essential for this purpose.
- 6.3.8 Ensure that a process is in place by which the effectiveness of the Board and its approach to potential candidates is assessed on a regular basis.
- 6.3.9 Ensure that a process is in place by which the contribution of Individual Directors to the effectiveness of the board and committees is assessed on a regular basis.
- 6.3.10 Chair Board meetings, including providing appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by Individual Directors and confirming that clarity regarding decisions is reached and accurately recorded.
- 6.3.11 Adopt procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings.
- 6.3.12 Ensure that management files and fulfills disclosure requirements to statutory authorities under applicable legislation.
- 6.3.13 Ensure that a succession planning process is in place to appoint the CEO and other members of management when necessary.

- 6.3.14 Approve a resource allocation plan to ensure that the Board and its committees have the necessary resources to carry out their responsibilities, in particular, timely and relevant information.
- 6.3.15 Work with any Lead Independent Director, the Chair of the Corporate Governance Committee, the Corporate Secretary, and senior officers of the Corporation to further the creation of a healthy governance culture within the Corporation.
- 6.3.16 Represent the Corporation to shareholders and external stakeholders, including local community groups, government, and non-governmental organizations.
- 6.3.17 Lead the Board's performance evaluation of the CEO.
- 6.3.18 Perform additional duties requested by the Board.
- 6.3.19 Act as a sounding board and advisor to the CEO and the other executive officers.

## **7. Lead Independent Director**

### **7.1 Appointment**

In each year that the elected Chair is not an independent board member, the Board will elect from among its independent members a Lead Independent Director.

### **7.2 General**

A Lead Independent Director provides a source of Board leadership complementary to that of the Board Chair.

### **7.3 Specific Roles and Responsibilities**

#### **7.3.1 Enhance Board Effectiveness**

7.3.1.1 Work with the Chair and Corporate Secretary to ensure the Board has adequate resources, especially by way of full, timely and relevant information to support its decision-making requirements.

7.3.1.2 Review and approve that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently from management.

7.3.1.3 Provide input to the Chair and Corporate Secretary on the preparation of agendas for Board and committee meetings and the scheduling of Board meetings.

7.3.1.4 Work with the Chair and the Corporate Governance Committee to ensure there is a process to implement best practices which relate to the responsibilities of the Board.

7.3.1.5 Chair Board meetings when the Chair is unavailable.

7.3.1.6 Maintain a close and collaborative relationship with the Chair.

7.3.1.7 Assist in orienting and integrating new directors to the Board.

7.3.1.8 Represent the Corporation to shareholders and external stakeholders, including local community groups, government, and non-government organizations.

7.3.1.9 Perform additional duties requested by the Board.

7.3.2 Liaison between Board and Management and Among Directors

7.3.2.1 In association with regularly scheduled Board meetings, chair meetings of Independent Directors to discuss issues relating to the Corporation's business without management or any non-independent directors present.

7.3.2.2 Communicate with the Chair and the entire Board, as appropriate, the results of private discussions among independent directors or the results of meetings of the independent directors.

7.3.2.3 Act as a communication channel among the directors and between directors and the Chair in respect of issues not readily or easily discussed in a formal setting.

7.3.2.4 Ensure that the Board understands and maintains the boundaries between Board and management responsibilities.

## **8. Corporate Secretary**

### **8.1 Appointment**

The Board will appoint one of its members or someone from management to act as the Corporate Secretary.

### **8.2 General**

The Corporate Secretary is responsible for assisting the Chair and any Lead Independent Director in managing the operations and affairs of the Board and for performing additional duties requested by the Chair, Lead Independent Director, or the Board or any of its committees.

### **8.3 Specific Roles and Responsibilities**

- 8.3.1 Oversee the preparation of all materials for shareholders that relate to the election of directors or the matters discussed in these guidelines.
- 8.3.2 Confirm that all notices and materials are delivered to shareholders and directors in a timely manner.
- 8.3.3 Confirm that all minutes of meetings of shareholders, the Board and committees are accurately recorded.
- 8.3.4 Administer the operations of the Board and its committees.
- 8.3.5 Monitor compliance with the governance policies of the Board, including those regarding frequency and conduct of Board meetings, reporting information and other policies relating to the Board's business.
- 8.3.6 Perform additional duties requested by the Chair, Lead Independent Director, or the Board or any of its committees.

## **9. Board Committees**

### **9.1 General**

The Board carries out its responsibilities directly and through the following committees and such other committees as it may establish from time to time: the Audit Committee and the Corporate Governance and Compensation Committee.

### **9.2 Composition**

The Audit Committee is comprised of Independent Directors who are selected by the Board on the recommendation of the Corporate Governance Committee and who meet the requirements with respect to independence and financial literacy set out in applicable securities laws. The Corporate Governance Committee is comprised of Independent Directors who are selected by the Board.

### **9.3 Chair**

The Audit Committee and the Corporate Governance Committee are each chaired by a director who is selected by the Board on the recommendation of the Corporate Governance Committee and is responsible for determining the agenda and the frequency and conduct of meetings.

### **9.4 Mandates**

Each committee has its own mandate that sets out its purpose, responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment, structure and operations and manner of reporting to the

Board. On an annual basis, each committee's mandate is reviewed by both the committee itself and the Corporate Governance Committee and is also reviewed and approved by the Board. Copies will be made available to any shareholder upon request.

## **10. Board and Committee Meetings**

### **10.1 Scheduling**

Board meetings are scheduled in advance at appropriate intervals throughout the year. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation. The Board may also take action from time to time by unanimous written consent. The Board, the Chair, the President or any two directors may call a Board meeting.

Each committee meets as often as it determines necessary to fulfill its responsibilities. A meeting of the Corporate Governance Committee may be called by the Corporate Governance Committee Chair or any two members of the committee. A meeting of the Audit Committee may be called by the Audit Committee Chair or by any other means the Audit Committee Chair may determine.

Board meetings are held at a location determined by the Chair on the advice of any Lead Independent Director and meetings of each committee are held at a location determined by the Committee Chair on the advice of the Chief Executive Officer.

### **10.2 Notice**

Notice of the time and place of each meeting of the Board or any committee must be given to each director either by personal delivery, electronic mail, facsimile or other electronic means not less than 48 hours before the time when the meeting is to be held if the notice is mailed or not less than 24 hours before time the meeting is to be held if the notice is given personally or is delivered or sent by any means of transmitted or recorded communication. Board or committee meetings may be held at any time without notice if all of the directors or committee members have waived or are deemed to have waived notice of the meeting. A director participating in a Board or committee meeting is deemed to have waived notice of the meeting.

### **10.3 Agenda**

In consultation with the Corporate Secretary and any Lead Independent Director, the Chair establishes the agenda for each Board meeting. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.



In consultation with the Corporate Secretary, any Lead Independent Director, and the Chief Executive Officer, Committee Chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

The Corporate Secretary distributes an agenda and meeting material in advance of each Board or committee meeting to allow Board or committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

#### **10.4 Independent Director Sessions**

Independent Directors may meet separately without management or non-independent directors present. A Lead Independent Director informs management of the substance of these meetings to the extent that action is required by them.

#### **10.5 Distribution of Information**

The Board regularly receives reports on the financial results and operating activities of the Corporation, as well as periodic reports on certain non-operational matters, including, corporate governance, insurance, pensions and treasury matters and safety, health and environmental matters.

#### **10.6 Attendance and Participation**

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

#### **10.7 Quorum**

A quorum for any Board meeting is a majority of directors.

A quorum for any committee meeting is a majority of its members.

#### **10.8 Voting and Approval**

At Board or committee meetings, each director or member, as applicable, is entitled to one vote and questions are decided by a majority of votes. In case of an equality of votes, the Chair of the meeting does not have a second or casting vote and the motion fails.

## **10.9 Procedures**

The Chair determines procedures for Board meetings unless otherwise determined by the by-laws of the Corporation or a resolution of the Board.

The Chair of the committee determines procedures for committee meetings unless otherwise determined by the by-laws of the Corporation or a resolution of the committee or the Board.

## **10.10 Corporate Secretary**

The Corporate Secretary acts as secretary to the Board and each of its committees. In the absence of the Corporate Secretary, the Board or a committee may appoint any other person to act as secretary.

## **10.11 Minutes of Meetings**

The Corporate Secretary keeps minutes of the proceedings of the Board and each of its committees and circulates copies of the minutes to each Board or committee member, as the case may be, on a timely basis.

## **11. Director Compensation**

The Board believes that compensation for directors should be commensurate with the compensation paid to directors of comparable companies.

Directors who are employees of the Corporation or any of its affiliates do not receive any compensation for service as directors.

## **12. Director Orientation and Continuing Education**

New directors receive orientation materials describing the Corporation's business and its corporate governance policies and procedures. New directors also have meetings with the Chair, Lead Independent Director, Chief Executive Officer and Chief Financial Officer.

The Corporate Governance Committee is responsible for reasonably confirming that procedures are in place and resources are made available to provide directors with appropriate continuing education opportunities.

## **13. Board Access to Management and Advisors**

Directors have access to members of management and are encouraged to raise any questions or concerns directly with management. The Board and its committees may invite any member of management, outside advisor or other persons to attend any of their meetings.

The Board and any of its committees may reasonably retain an outside advisor at the expense of the Corporation at any time and have the authority to determine the advisor's fees and other retention terms. Individual Directors may retain an outside advisor at the expense of the Corporation with the approval of the Corporate Governance Committee to a maximum of \$20,000.

#### **14. Performance Assessment of the Board and its Committees**

The Corporate Governance Committee should annually review the effectiveness of the Board in fulfilling its responsibilities and duties as set out in these guidelines.

In addition, the Corporate Governance Committee should annually review the effectiveness of all Board committees in fulfilling their responsibilities and duties as set out in their mandate and in a manner consistent with these guidelines.

The Corporate Governance Committee should evaluate Individual Directors to assess their suitability for nomination for re-election.

#### **15. Codes of Ethics**

The Board expects all directors, officers and employees of the Corporation to conduct themselves in accordance with the highest ethical standards.

The Board should adopt and approve a Code of Business Conduct and Ethics for directors, officers and employees which addresses, among other things, avoidance of conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing with the Corporation's security holders, customers, suppliers, competitors and employees, compliance with applicable laws, rules and regulations and the reporting of any illegal or unethical behaviour. As set out in the Code of Business Conduct and Ethics, an employee who, in good faith, reports a concern regarding accounting matters or a suspected breach of the Code of Business Conduct and Ethics is protected from reprisal, such as dismissal, demotion, suspension, threats, harassment or discrimination.

The Code of Business Conduct and Ethics should be available in print to any shareholder who requests a copy.

#### **16. Indemnification and Insurance**

In accordance with the by-laws of the Corporation, directors and officers are each indemnified by the Corporation against all liability and costs arising out of any action or suit against them from the execution of their duties, provided that they have carried out their duties honestly and in good faith with a view to the best interests of the Corporation and have otherwise complied with the provisions of applicable corporate law.



The Corporation maintains insurance for the benefit of its directors and officers against any liability incurred by them for which they would be indemnified. The amount and terms of the insurance coverage are dependent upon prevailing market conditions and practices with the objective of adequately protecting directors and officers from such liability.

**17. Conflicts of Interest**

Each director is required to inform the Corporate Governance Committee of any conflict of interest he or she may have with the Corporation. If a director has a personal interest in a matter before the Board or a committee, he or she must not participate in any vote on the matter except where the Board or the committee has expressly determined that it is appropriate for him or her to do so.

**18. Contact Board and Committees**

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees, by writing to the Corporate Secretary at:

Board of Directors of Vecima Networks Inc.  
c/o Corporate Secretary  
Vecima Networks Inc.  
771 Vanalman Avenue  
Victoria BC V8Z 3B8  
Canada

**19. Definitions**

Legal terms used in this Mandate are defined as in the National Instrument 52-110, which is amended from time to time.