

## **BOARD MANDATE**

Canexus Corporation (the “Corporation”) is the sole shareholder of Canexus Limited and is responsible to administer the Corporation’s direct and indirect subsidiaries (collectively, “Canexus”). As a result, the Executive Officers of the Corporation are responsible to manage the business and affairs of Canexus and its subsidiaries within the strategic direction approved by the Board of Directors of the Corporation (the “Board”).

The Board has the oversight responsibility and specific duties described below. In addition, individual Directors have the responsibility and specific duties set out in the Individual Director Mandate and any other Mandate or Position Description that applies to them.

### **Composition**

The Board will be composed of between three and twelve directors, as determined by the Board and subject to the terms of the Governance Agreement.

At least two-thirds of the directors of the Corporation will be independent, pursuant to the Categorical Standards adopted by the Board and applicable law.

All Board members will have the skills and abilities appropriate to their appointment as directors. It is recognized that the right mix of experiences and competencies will ensure that the Board will carry out its duties and responsibilities in the most effective manner.

Except as set out in the By-Laws, Board members will be elected at the annual meeting of the Corporation’s shareholders each year and will serve until their successors are duly elected.

### **Responsibility**

The Board is responsible for the stewardship of the Corporation and the Corporation’s strategy, providing independent, effective leadership to supervise the management of the Corporation’s business and affairs to grow shareholder value responsibly and in a sustainable manner.

### **Specific Duties**

The Board will:

#### **Leadership**

1. Provide leadership and vision to supervise the management of the Corporation in the best interests of the Corporation.
2. Provide leadership in the development of the mission, vision, principles, values, Strategic Plan and Annual Operating Plan of the Corporation, in conjunction with the Chief Executive Officer (the “CEO”).

#### **Strategy**

3. Approve the development of strategic direction.
4. Adopt a strategic planning process and, at least annually, approve a Strategic Plan for the Corporation to maximize shareholder value that takes into account, among other things, the opportunities and risks of the Corporation’s business.
5. Monitor the Corporation’s performance in light of the approved Strategic Plan.

CEO

6. Select, appoint, evaluate and, if necessary, terminate the CEO.
7. Receive and approve recommendations on appropriate or required CEO competencies and skills from the Human Resources and Compensation Committee (HR Committee).
8. Annually, approve or develop corporate objectives that the CEO is responsible for meeting, and annually assess the CEO against the preceding year's corporate objectives.

Succession and Compensation

9. Approve the development of the succession plan for senior management, which includes appointment, development training, if necessary, and performance monitoring.
10. With the advice of the HR Committee, approve the compensation of senior Management and approve appropriate compensation programs for the Corporation's employees.

Corporate Responsibility, Ethics and Integrity

11. Provide leadership to the Corporation in support of its commitment to corporate responsibility.
12. Foster ethical and responsible decision making by Management.
13. Set the ethical tone for the Corporation and its Management.
14. Take all reasonable steps to satisfy itself of the integrity of the CEO and Management and satisfy itself that the CEO and Management create a culture of integrity throughout the organization.
15. At the recommendation of the Corporate Governance Committee (CG Committee), approve the Corporation's Ethics Policy, and at least annually review the Ethics Policy and consider any recommended changes.
16. Monitor compliance with the Corporation's Ethics Policy and grant and disclose, or decline, any waivers of the Ethics Policy for officers and directors.
17. With the CG Committee and / or the Audit Committee and the Board Chair, respond to potential conflict of interest situations.

Governance

18. With the CG Committee, develop the Corporation's approach to corporate governance, including the Corporate Governance Policy, and at least annually review the Corporate Governance Policy and consider any recommended changes.
19. Once or more annually, as the CG Committee decides, receive for consideration that Committee's evaluation and any recommended changes, together with the evaluation and any further recommended changes of another Board Committee, if relevant, to each of the following:

- i. Categorical Standards for Director Independence;
  - ii. Board Mandate;
  - iii. Individual Director Mandate;
  - iv. Chair of the Board Position Description;
  - v. Audit Committee Mandate;
  - vi. Audit Committee Chair Position Description;
  - vii. Corporate Governance Committee Mandate;
  - viii. Corporate Governance Committee Chair Position Description;
  - ix. Human Resources and Compensation Committee Mandate;
  - x. Human Resources and Compensation Committee Chair Position Description;
  - xi. Responsible Care® and Public Policy Committee Mandate;
  - xii. Responsible Care® and Public Policy Committee Chair Position Description;
  - xiii. CEO Position Description;
  - xiv. Chief Financial Officer Position Description; and
  - xv. Corporate Secretary Position Description.
20. With the CG Committee, ensure that the Corporation's governance practices and policies are appropriately disclosed.
  21. At the recommendation of the CG Committee, annually determine those individual Directors proposed to be nominated for election at the next annual general meeting of shareholders.
  22. At the recommendation of the CG Committee, annually determine those individual Directors to be designated as independent under the Categorical Standards and ensure appropriate disclosures are made.
  23. At the recommendation of the CG Committee, annually determine those individual Directors on the Audit Committee possessing "financial literacy" under applicable law and ensure appropriate disclosures are made.
  24. At the recommendation of the Board Chair, review the circumstances of any Director's material change in employment or health status and determine the appropriate action to be taken.

#### Communications, Disclosure and Compliance

25. Adopt an External Communications Policy for the Corporation which addresses disclosure matters, and at least annually review the Corporate Governance Policy and consider any recommended changes.
26. Periodically assess and be satisfied with the adequacy of procedures in place for the review of public disclosure of financial information extracted or derived from the applicable financial statements (other than the annual and quarterly required filings) for the Corporation.
27. Ensure policies and procedures are in place to ensure the Corporation's compliance with applicable law, including timely disclosure of relevant corporate information and regulatory reporting.
28. Establish and disclose a process to permit stakeholders to directly contact the independent Directors as a group.

Board Chair

29. Annually appoint the Chair of the Board.

Committees

30. Appoint an Audit Committee composed of at least three members, all of whom are independent directors, with the responsibility to assist the Board in fulfilling its audit oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that Management has established; and, (v) performance of the internal and external audit process and of the external auditor. The Committee will also have the responsibility to assist the Board in fulfilling their financial oversight responsibilities with respect to (i) financial policies and strategies including capital structure; (ii) financial risk management practices; and, (iii) transactions or circumstances which could materially affect the financial profile of the Corporation.
31. Appoint a Corporate Governance Committee composed of all independent directors with the responsibility to assist the Board in fulfilling its governance oversight responsibilities with respect to (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; (iii) evaluations of the Board, Board Committees, the Board Chair and Committee Chairs; and, (iv) implementation and effectiveness of the Ethics Policy and the compliance programs under the Ethics Policy.
32. Appoint a Human Resources and Compensation Committee composed of all independent directors with the responsibility to assist the Board in overseeing (i) key compensation and human resources policies; (ii) CEO objectives, performance reviews and compensation; (iii) executive Management compensation; (iv) executive Management succession and development; and, (v) reviewing executive compensation disclosure before its release.
33. In the Board's discretion, appoint a Responsible Care<sup>®</sup> and Public Policy Committee, composed of a majority of independent directors, with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) the development and implementation of systems and programs for the management of health, safety, environment and corporate responsibility; (ii) environmental risk management practices; and (iii) the Corporation's activities and commitments to corporate responsibility.
34. In the Board's discretion, appoint any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board.
35. In the Board's discretion, annually appoint the Chair of each Board Committee.

Delegations and Approval Authorities

36. Annually delegate approval authorities to the CEO and review and revise them as appropriate.

37. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
38. In the Board's discretion, annually delegate to the Audit Committee to recommend to the Board for consideration the quarterly results, financial statements, MD&A and earnings related news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered.
39. Require the Audit Committee to recommend to the Board for consideration and, in the Board's discretion, approve the monthly distributions for the quarter, subject to the requirements in the resolutions.
40. Require the Audit Committee to annually review the Corporation's pension plans and report to the Board as required.
41. Require the Human Resources and Compensation Committee to annually review the compensation disclosure analysis in the Corporation's continuous disclosure.
42. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
43. Consider and, in the Board's discretion, approve any matters proposed by Management.

#### Annual Operating Plan

44. At least annually, approve an Annual Operating Plan for the Corporation including business plans, operational requirements, organizational structure, staffing and budgets, which support the Strategic Plan.
45. Monitor the Corporation's performance in light of the approved Annual Operating Plan.

#### Risk Management

46. Ensure policies and procedures are in place to: identify the Corporation's principal business risks and opportunities; address what risks are acceptable to the Corporation; and, ensure that appropriate framework and systems are in place to manage the risks.
47. Ensure policies and procedures designed to maintain the integrity of the Corporation's disclosure controls and procedures are in place.
48. As required by applicable law, ensure policies and procedures designed to maintain the integrity of the Corporation's internal controls over financial reporting and management information systems are in place.
49. Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.
50. Ensure policies and procedures designed to maintain appropriate safety, environment and corporate responsibility principles and practices are in place.

#### Orientation / Education

51. With the CG Committee, oversee the development and implementation of the Director orientation program covering the role of the Board and its Committees, the contribution

individual Directors are expected to make and the nature and operation of the Corporation's business.

52. With the CG Committee, oversee the development and implementation of the ongoing Director education program designed to maintain and enhance skills and abilities of the Directors and to ensure their knowledge and understanding of the Corporation's business remains current.

#### Board Performance

53. Oversee the process of the CG Committee's annual evaluation of the performance and effectiveness of the Board, Board Committees, the Board Chair and Committee Chairs, in light of the applicable Mandates and Position Descriptions.
54. Participate in an annual evaluation of Board performance by the CG Committee.
55. Receive and consider a report and recommendations from the CG Committee on the results of the annual evaluation of the performance and effectiveness of the Board, Board Committees, the Board Chair and Committee Chairs.

#### Board Meetings

56. Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Board may, on occasion and in appropriate circumstances, hold a meeting by telephone conference call.
57. Meet in separate, non-management in camera sessions at each regularly scheduled meeting.
58. Meet in separate, non-management closed sessions with any internal personnel or outside advisors, as needed or appropriate.

#### Advisors / Resources

59. Retain, oversee, compensate and terminate independent advisors to assist the Board in its activities.
60. Receive adequate funding for independent advisors and ordinary administrative expenses that are needed or appropriate for the Board to carry out its duties.

#### Other

61. In order to honour the spirit and intent of applicable law as it evolves, the authority to make minor technical amendments to this Mandate has been delegated to the Corporate Secretary, who will report any amendments to the CG Committee at its next meeting.
62. Once or more annually, as the CG Committee decides, this Mandate will be fully evaluated and updates recommended to the Board for consideration.

Revised: July 8, 2011