

**TERMS OF REFERENCE FOR THE BOARD**

**I. INTRODUCTION**

- A.** The Board's primary responsibility is to foster the long-term success of the Company consistent with the Board's responsibility to the unitholders to maximize unitholder value.
- B.** These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

**II. COMPOSITION AND BOARD ORGANIZATION**

- A.** Nominees for directors are initially considered and recommended by the Governance and Human Resources Committee of the Board, approved by the entire Board and elected annually by the unitholders of the Company.
- B.** A majority of directors comprising the Board must qualify as independent<sup>1</sup> directors
- C.** Certain of the responsibilities of the Board referred to may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference.
- D.** All members of the Board are generally expected to attend all Board and Committee meetings as scheduled and will use reasonable efforts to review meeting materials prior to the meetings.

**III. DUTIES AND RESPONSIBILITIES**

**A. Managing the Affairs of the Board**

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Company's Articles, the Board retains the responsibility for managing its own affairs, including

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<sup>1</sup> As defined under applicable securities legislation.

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- i) planning its composition and size;
- ii) selecting its Chair;
- iii) nominating candidates for election to the Board;
- iv) appointing committees;
- v) determining director compensation;
- vi) establishing new director orientation and ongoing director education processes; and
- vii) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

**B. Management and Human Resources**

The Board has the responsibility for:

- i) approving terms of reference for the CEO;
- ii) the appointment and succession of the President/Chief Executive Officer (“CEO”) and monitoring CEO performance;
- iii) approving CEO compensation;
- iv) providing advice and counsel to the CEO in the execution of the CEO’s duties;
- v) approving acceptance of outside directorships on public or not-for-profit Boards by the CEO;
- vi) approving CEO objectives for each upcoming year; and reviewing CEO performance at least annually, against these objectives;
- vii) to the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the Company;
- viii) approving decisions relating to senior management, including the:
  - a) appointment and discharge of officers; and

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- b) compensation and benefits for executive officers.
- ix) ensuring succession planning programs are in place, including training and monitoring of senior management; and
- x) approving certain matters relating to all employees, including:
  - a) the annual salary and incentive policy/program for employees;
  - b) new benefit programs or material changes to existing programs; and
  - c) pension fund investment guidelines, and the appointment of pension fund managers.

**C. Strategy and Plans**

The Board has the responsibility to:

- i) ensure there is a strategic planning process;
- ii) annually approve a strategic plan for the Company that takes into account, among other things, the opportunities and risks of the business;
- iii) approve annual capital and operating budgets;
- iv) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- v) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- vi) approve material divestitures and acquisitions; and
- vii) monitor the Company's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

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**D. Financial, Corporate and Risk Issues**

The Board has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- ii) monitor and review operational and financial results relative to budgets and/or plans;
- iii) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks
- iv) approve annual financial statements, review quarterly financial results and approve release thereof by management;
- v) approve the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein;
- vi) approve unitholder distributions;
- vii) approve financings, changes in authorized capital, issue and repurchase of units, issue of debt securities, listing of units and other securities, issue of commercial paper, and related prospectuses and trust indentures;
- viii) with consideration to the recommendation of the Audit Committee, nominate an External Auditor for approval by unitholders; and if the Board does not adopt the Audit Committee's recommendation for External Auditor, ensure this fact is disclosed in the Annual Information Form;
- ix) with consideration to the recommendation of the Audit Committee, approve the compensation of the External Auditor; and if the Board does not adopt the Audit Committee's recommendation, ensure this fact is disclosed in the Annual Information Form;
- x) approve banking resolutions and significant changes in banking relationships;

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- xi) approve appointments, or material changes in relationships with corporate trustees;
- xii) review key issues regarding corporate insurance policies;
- xiii) approve contracts, leases and other arrangements or commitments that may have a material impact on the Company; and
- xiv) approve the commencement or settlement of litigation that may have a material impact on the Company.

**E. Policies and Procedures**

The Board has the responsibility to:

- i) approve and monitor compliance with significant policies and procedures by which the Company is operated;
- ii) adopt a written Code of Business Conduct and Ethics and a Code of Ethics for Senior Management and Financial Officers;
- iii) approve and properly disclose any amendments and/or waivers to the Code of Business Conduct and Ethics and the Code of Ethics for Senior Management and Financial Officers; and
- iv) direct management to ensure the Company operates at all times within applicable laws and regulations.

**F. Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- i) ensure the Company has in place effective communication processes with unitholders and other stakeholders and financial, regulatory and other recipients, including measures for receiving feedback from unitholders which are set out in the Corporate Disclosure Policy;
- ii) approve interaction with unitholders on all items requiring unitholder response or approval;

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- iii) ensure that the financial performance of the Company is adequately reported to unitholders, other security holders and regulators on a timely and regular basis;
- iv) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- v) ensure the timely reporting of any other developments that have a significant and material impact on the Company; and
- vi) report annually to unitholders on the Board's stewardship for the preceding year (the Annual Report).

**IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS**

**A.** The Board is responsible for:

- i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
- ii) approving changes in the Company's Articles, matters requiring unitholder approval, and agendas for unitholder meetings; and
- iii) receiving, at least annually, reports from management on matters relating to, among others, ethical conduct, environmental management, employee health and safety, human rights, and related party transactions;

**B.** Canadian law identifies the following as legal requirements for the Board:

- i) to manage the business and affairs of the Company; including the relationships among the Company, its affiliates, their unitholders, Directors and officers;
- ii) to act honestly and in good faith with a view to the best interests of the Company;
- iii) to exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances;

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- iv) to act in accordance with its obligations contained in the *British Columbia Business Corporations Act* and other relevant legislation, regulations and policies, and the Company's Articles;
- v) in particular, it should be noted that the following matters must be considered by the Board as a whole:
  - a) submit to the unitholders any question or matter requiring the approval of the unitholders;
  - b) fill a vacancy among the Directors or in the office of auditor;
  - c) issue securities except in the manner and on the terms authorized by the Directors;
  - d) approve unitholder distributions;
  - e) purchase, redeem or otherwise acquire units issued by the Company;
  - f) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase units of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such units;
  - g) approve a management proxy circular;
  - h) approve a take-over bid circular or Directors' circular;
  - i) approve any financial statements; or
  - j) adopt, amend or repeal Articles of the Company.