
TERMS OF REFERENCE FOR THE BOARD

I. INTRODUCTION

- A. The primary responsibility of the board of directors (the “Board”) of Morguard Corporation (the “Corporation”) is to foster the long-term success of the Corporation consistent with the Board’s duty to act in the best interests of the Corporation.
- B. The Board is statutorily responsible for managing or supervising the management of the business and affairs of the Corporation.
- C. These terms of reference are prepared to assist the Board and management of the Corporation in clarifying responsibilities and ensuring effective communication between the Board and management of the Corporation.

II. COMPOSITION AND BOARD ORGANIZATION

Nominees for directors are initially considered and recommended to the Board by the Corporate Governance/Nominating Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation. Directors may be appointed by the Board as permitted under the Canada Business Corporations Act (the “CBCA”) or the Corporation’s Articles.

III. INDEPENDENCE

- A. A majority of directors comprising the Board will be independent directors within the meaning of Multilateral Instrument 52-110 (as the same may be amended or replaced from time to time). Specifically, a director will be considered independent if he or she is free from any relationship that, in the view of the Board, could reasonably interfere with the exercise of his or her independent judgment as a member of the Board.
- B. The Board will allow time at each Board meeting for all of the independent directors to meet.

IV. DUTIES AND RESPONSIBILITIES

- A. **Managing the Affairs of the Board**
The legal obligations of the Board are described in detail in Section X. Subject to these legal obligations and to the Articles and By-Laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:
 - i. planning its composition and size;
 - ii. selecting its Chair and Lead Director;
 - iii. nominating qualified candidates for election to the Board;
 - iv. appointing committees and their members;
 - v. determining director compensation; and
 - vi. 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. the appointment and succession of the CEO, monitoring and evaluating CEO performance, approving CEO compensation, providing advice and counsel to the CEO in the execution of

- the CEO's duties and responsibilities, and to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation;
- ii. approving term of reference for the CEO;
 - iii. reviewing CEO performance at least annually, against agreed upon written objectives;
 - iv. approving decisions relating to senior management of the Corporation, including the:
 - a) appointment and discharge of officers;
 - b) compensation and benefits for executive officers;
 - c) acceptance of outside directorships on public companies by executive officers (other than not-for-profit organizations); and
 - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
 - v. ensuring succession planning programs are in place, including programs to train and develop management of the Corporation;
 - vi. approving certain matters relating to all employees of the Corporation, including:
 - a) the annual salary policy program for employees;
 - b) new benefit programs or material changes to existing programs;
 - c) material benefits granted to retiring employees outside of benefits received under approved pension and other benefit programs; and
 - vii. undertake a Board self-assessment annually.

C. Strategy and Plans

The Board has the responsibility to:

- i. participate with management of the Corporation, in the development of, and ultimately approve, the Corporation's strategic plan;
- ii. approve the annual business plans that enable the Corporation to realize its objectives;
- iii. approve annual capital and operating budgets which support the Corporation's ability to meet its strategic objectives;
- iv. approve political donations policies and budgets;
- v. approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;
- vi. approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- vii. approve material divestitures and acquisitions;
- viii. approve major leases and capital expenditures; and
- ix. monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

D. Financial and Corporate Issues

The Board has the responsibility to:

- i. take reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;
- ii. monitor operational and financial results;
- iii. approve annual financial statements, review quarterly financial results and approve release thereof by management of the Corporation;
- iv. approve the management proxy circular and, to the extent applicable, the annual information form and documents incorporated by reference therein;
- v. declare dividends;
- vi. approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, the issue and distribution of prospectuses, offering or information memorandums and other similar disclosure documents and issue of indentures;

- vii. recommend appointment of external auditors of the Corporation and approve auditors' remuneration;
- viii. approve banking resolutions and significant changes in banking relationships;
- ix. approve appointments, or material changes in relationships with corporate trustees;
- x. review coverage, deductibles and key issues regarding corporate insurance policies, including key person insurance and directors' and officers liability and reimbursement insurance;
- xi. approve contracts, leases and other arrangements or commitments that may have a material impact on the Corporation; and
- xii. approve the commencement or settlement of litigation that may have a material impact on the Corporation.

E. Business and Risk Management

The Board has the responsibility to:

- i. ensure management identifies the principal risks, including ESC, Cyber and other emerging risks of the Corporation's business and implements appropriate systems to manage these risks;
- ii. review operating and financial performance of the Corporation relative to its budgets or objectives;
- iii. receive, at least annually, reports from management of the Corporation on matters relating to, among others, ethical conduct, employee health and safety, human rights, environment, governance and related party transactions; and
- iv. assess and monitor management control systems, including:
 - a) assessing information provided by management of the Corporation and others (e.g. internal and external auditors) about the effectiveness of management control systems; and
 - b) understanding the principal risks of the Corporation and review whether the Corporation achieves a proper balance between risk and returns, and that management of the Corporation ensures that systems are in place to address the risks identified.

F. Policies and Procedures

The Board has the responsibility to:

- i. approve and monitor compliance with all significant policies and procedures by which the Corporation is operated (including, for example, the Corporation's written Code of Business Conduct applicable to officers and employees and the Code of Conduct and Conflicts of Interest Guidelines for directors);
- ii. direct management to ensure the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
- iii. review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

G. Compliance Reporting and Corporate Communications

The Board has the responsibility to:

- i. ensure the Corporation has in place effective communication processes with shareholders and other stakeholders of the Corporation and financial, regulatory and other recipients;
- ii. approve interaction with shareholders of the Corporation on all item requiring shareholder response or approval;
- iii. ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and continuous basis;
- iv. ensure the financial results are reported fairly and in accordance with applicable generally accepted accounting principles;
- v. ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and

- vi. report annually to shareholders of the Corporation on the Board's stewardship for the preceding year (e.g. the Annual Report).

V. ATTENDANCE

Directors will strive for attendance at all Board and Board committee meetings.

VI. ORIENTATION

New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management of the Corporation and other directors. The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest.

VII. CONTINUING EDUCATION

The Board will endeavour to provide continuing education opportunities for all directors to educate and keep them informed of changes within the Corporation and to aid in the maintenance and enhancement of their skills and abilities as directors.

VIII. REGULAR BOARD ASSESSMENTS

Regular assessments will be made regarding the performance of the Board as a whole, all Board committees, and the performance and skills of individual directors. The Board shall also create measures to receive feedback from security holders.

IX. BOARD COMMITTEES

Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time by the Board.

- A. Independence From Management
Board committees meet without management at each regularly scheduled meeting.
- B. Committees
The Board committees consist of the Audit Committee, the Corporate Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee which each have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations, and manner of reporting to the Board.
- C. Member Independence
All members of the Audit Committee, the Corporate Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee will be independent within the meaning of Multilateral Instrument 52-110.
- D. Advisors
The Board and all Board committees will have the authority to engage independent advisors, at the Corporation's expense, to assist them in carrying out their responsibilities. Individual Directors may

engage independent advisors at the Corporation's expense in appropriate circumstances and with the approval of the Corporate Governance and Nominating Committee.

X. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A. The Board is responsible for:
- i. directing management of the Corporation to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
 - ii. approving changes in the Articles and By-Laws of the Corporation, matters requiring shareholder approval, and notices and agendas for shareholder meetings; and
 - iii. approving the Corporation's legal structure, name, logo and related intellectual property, mission statement and vision statement.
- B. The CBCA identifies the following as legal requirements for the Board:
- i. to manage or supervise the management of the business and affairs of the Corporation (CBCA S. 102(1)), including the relationships among the Corporation, its affiliates, their shareholders, directors and officers;
 - ii. in respect of each director, to act honestly and in good faith with a view to the best interests of the Corporation (CBCA S. 122(1)(a)) recognizing that the Board may, in determining what is in the best interests of the Corporation, consider the interests of the Corporation's various stakeholders and the environment (CBCA S.122(1.1));
 - iii. in respect of each director, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (CBCA S. 122(l)(b));
 - iv. to act in accordance with its obligations contained in the CBCA, the Securities Act (Ontario) and similar securities legislation in each applicable province and territory of Canada, other relevant legislation, regulations, rules and policies and the Corporation's Articles and By-laws;
 - v. in particular, it should be noted that the following matters must be considered by the Board as a whole (CBCA S. 115(3)):
 - a) submit to the shareholders any question or matter requiring the approval of the shareholders;
 - b) fill a vacancy among the directors or in the office of auditor or the appointment of additional directors;
 - c) issue securities or shares of a series except in the manner and on the terms authorized by the directors;
 - d) declare dividends;
 - e) purchase, redeem or otherwise acquire shares issued by the Corporation;
 - f) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
 - g) approve a management information circular;
 - h) approve a take-over bid circular, issuer bid circular or directors' circular;
 - i) approve any financial statements of the Corporation; or
 - j) adopt, amend or repeal the By-laws of the Corporation.

C. DISCLOSURE

- A. Access to Disclosures
Documents and information referred to in this Policy as being publicly disclosed may be accessed through the Corporation's website.