

**THE SECOND CUP LTD.**  
**CHARTER FOR THE BOARD OF DIRECTORS**

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## THE SECOND CUP LTD.

### CHARTER FOR THE BOARD OF DIRECTORS

#### INTRODUCTION

##### Terminology:

“**Board of Directors**” means the board of directors of the Corporation.

“**By-Laws of the Corporation**” means the by-laws governing the Corporation, as amended from time to time.

“**Corporation**” means The Second Cup Ltd.

The Board of Directors is elected by the shareholders of the Corporation and is responsible for the overall stewardship of the affairs of the Corporation. The Board of Directors shall be subject to the fiduciary standard and standard of care set out in the By-Laws of the Corporation. The Board of Directors is responsible for establishing and maintaining a culture of integrity in the conduct of the Corporation’s affairs.

#### DUTIES OF DIRECTORS

1. The Board of Directors discharges its responsibilities both directly and through its committees, currently consisting of the Audit Committee and the Governance, Human Resources and Compensation Committee of the Corporation. The Board of Directors may appoint other committees as permitted by the By-Laws of the Corporation, including ad hoc committees to address certain issues of a more short-term nature.

#### Oversight of the Corporation

1. The Board of Directors is responsible for reviewing and approving the strategic and annual plans of the Corporation.
2. The Board of Directors is responsible for monitoring performance and providing reports to shareholders of the Corporation as required.
3. The Board of Directors is responsible for supervising the activities of the Corporation, including the investments of the Corporation.
4. The Board of Directors is responsible for declaring and effecting payments of dividends from the Corporation to shareholders of the Corporation.
5. The Board of Directors may delegate to committees matters it is responsible for, but the Board of Directors retains its oversight function and ultimate responsibility for all delegated responsibilities.

#### Monitoring of Financial Performance and Other Financial Reporting Matters

1. The Board of Directors will review all financial statements, material change reports and such other additional information regarding the financial position or business of the Corporation necessary to comply with any continuous disclosure obligations applicable to the Corporation.
2. The Board of Directors is responsible for overseeing the Corporation’s compliance with its undertakings to applicable securities regulatory authorities regarding financial statements and other information regarding its financial position or business, and regarding insider reporting and trading.

3. The Board of Directors shall be responsible for approving the unaudited quarterly and audited annual financial statements of the Corporation and the notes thereto and auditors' reports thereon, as applicable, and the Management's Discussion and Analysis accompanying such financial statements, as well as annual reports, management information circulars, annual information forms and other securities law filings of the Corporation.
4. The Board of Directors is responsible for reviewing and approving material transactions involving the Corporation and those matters which the Board of Directors is required to approve under the applicable law including the payment of dividends, the purchase and issuance of shares, acquisitions and dispositions of material assets by the Corporation and material expenditures by the Corporation.

### **Policies and Procedures**

1. The Board of Directors is responsible for:
  - (a) monitoring the performance of the Corporation's affairs and investments;
  - (b) approving and monitoring compliance with all significant policies and procedures by which the Corporation is bound;
  - (c) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
  - (d) enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.
2. The Board of Directors is responsible for approving a Corporate Disclosure Policy respecting communications to the public, an Insider Trading Policy respecting insider trading and reporting matters, and a Code of Business Conduct and Ethics respecting ethical business practices.

### **Communications and Reporting**

1. The Board of Directors is responsible for:
  - (a) overseeing the Corporation's continuous disclosure obligations;
  - (b) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;
  - (c) overseeing that the financial results of the Corporation are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
  - (d) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Corporation;
  - (e) reporting annually to shareholders on its stewardship for the preceding year;
  - (f) overseeing the provision to shareholders of all such information as is required by applicable law and regulatory requirements, prior to each meeting of shareholders;
  - (g) overseeing the investor relations and communications strategy of the Corporation; and
  - (h) overseeing the Corporation's ability to accommodate feedback from shareholders.