

CORPORATE GOVERNANCE

The Corporation is committed to maintaining high standards of governance. The Corporation has continued to refine its governance practices in light of Canadian regulatory initiatives, particularly NI 58-101, National Policy 58-201, *Corporate Governance Guidelines* (“NP 58-201”) and National Instrument 52-110, *Audit Committees* (“NI 52-110”). The Corporation’s current governance practices are disclosed below in accordance with NI 58-101. The information required by Form 52-110F1 of NI 52-110 is contained in the 2017 Annual Information Form under the heading “Audit Committee” and in Schedule A of the Corporation’s 2017 Annual Information Form.

Board of Directors

The Board of Directors is elected by the Shareholders and is responsible for the overall stewardship of the affairs of the Corporation. The Board of Directors discharges its responsibilities directly and through its committees, currently consisting of the Corporation’s Audit Committee and Governance Committee. The Board of Directors has adopted a mandate that sets out the role of the Directors. The text of this mandate is set out in Appendix A to this Circular. The Directors may, in respect of the assets of the Corporation, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner of those assets. The role of the Directors includes, among other things:

- reviewing and approving the strategic and annual plans of the Corporation;
- monitoring performance and providing reports to Shareholders as required;
- supervising the activities of the Corporation, including the investments of the Corporation; and
- approving payments of dividends from the Corporation to Shareholders.

The Directors will also supervise the application of the Corporation’s written disclosure and insider trading policies. These policies, among other things:

- articulate the legal obligations of the Corporation, Directors, officers and employees with respect to confidential information;
- identify spokespersons of the Corporation who are authorized to communicate with third parties such as analysts, the media and investors;
- provide guidelines on the disclosure of forward-looking information;
- require advance review of any disclosure of financial information with a view to ensuring that selective disclosure of material information does not occur; and
- establish “black-out” periods prior to and following the disclosure of quarterly and annual financial results during which the Corporation, Directors, officers and certain other persons may not purchase or sell Shares in the market.

A majority of the Directors must be independent within the meaning of NI 52-110. The Board of Directors is currently comprised of eight Directors (all of whom have been nominated for election at the Meeting). The Board of Directors has determined that all of the Nominees other than Garry Macdonald, the President and Chief Executive Officer of the Corporation, are independent within the meaning of NI 52-110 and NI 58-101. Each member of the Corporation’s Audit Committee will be an independent Director.

During the most recently completed financial year, the independent Directors did not hold regularly scheduled meetings in the absence of Mr. Macdonald, the non-independent Director and sole member of management on the Board. To facilitate open and candid discussion among its independent Directors, the Board’s independent Directors are encouraged to, and do, communicate with each other directly to discuss ongoing issues pertaining to the Corporation. The Board is comprised of a majority of independent Directors, who regularly attend Board and committee meetings, which also encourages open, candid discussion. Furthermore, important matters are considered by the Corporation’s Audit Committee and the Governance Committee, which are both comprised entirely of independent Directors.

In addition, from time to time as circumstances dictate, the non-independent Directors and any representatives of management in attendance at meetings of the Board will be excused. It is anticipated that

independent Directors' meetings will be held as deemed appropriate during 2018.

Directors also have the ability, where warranted, to engage outside professional advisers at the Corporation's expense to assist in the fulfilment of their duties. The independent Chair is responsible for authorizing all requests for professional advisers by individual Directors, the Board of Directors or any committee of the Board of Directors.

As part of its mandate, the Governance Committee will review on an annual basis the contributions of the Directors and consider whether the composition of the Board of Directors promotes effectiveness and efficiency in its decision-making. As discussed below, the Governance Committee will assess the contribution and the performance of the Directors, both individually and collectively, and the standing committees of the Board of Directors.

Currently, there are no members of management on the Board of Directors other than Garry Macdonald. Mr. Macdonald was nominated in December 2016 by the Corporation's lender, SPE Finance LLC, and was appointed to the Board of Directors effective February 24, 2017. Mr. Macdonald was appointed as interim President and Chief Executive Officer in May 2017 and subsequently President and Chief Executive Officer effective January 2018.

The Corporation acknowledges the value of the contribution of women on the Board of Directors and in the ranks of our executive officers. Currently, there is one member who is a woman on the Board of Directors and two of the executive officers are women. While the Corporation has not adopted a written policy relating specifically to the identification and nomination of women Directors, the mandate of the Governance Committee ensures that the most suitable candidates are identified and nominated based on competency, integrity, skills and breadth of experience, regardless of gender. Specific targets have not been set regarding the level of representation of women directors; as such, the proportion of women on the Board of Directors does not influence the nomination of candidates.

Where warranted, Directors have the ability to engage outside professional advisers at the Corporation's expense to assist in the fulfillment of their duties. The Chair is responsible for authorizing all requests for professional advisers by individual Directors, the Board of Directors or any committee of the Board of Directors.

Position Descriptions

The Board of Directors has adopted a formal position description for both the Chair and the CEO. Both are designed to assist the Chair and CEO in delineating their respective roles and responsibilities.

The CEO's position description identifies the CEO's responsibilities, which include: leading the day-to-day operations of the Corporation in accordance with the strategic plan; developing a strategic plan for the Corporation; developing an annual operating plan and financial budget to achieve the Corporation's long-term strategy; developing or supervising effective disclosure and internal controls; and developing a positive and ethical work environment for the Corporation that attracts, retains and motivates high-value employees.

The Chair's position description identifies the Chair's responsibilities, which include: oversight of the Board of Directors in its discharge of its duties in the Board of Directors' mandate; overseeing the distribution of information to the Board of Directors and presiding over board meetings; establishing procedures to govern the effective and efficient conduct of the Board of Director's work; acting as a liaison between the Board of Directors and management of the Corporation, where necessary; and representing the Corporation to Shareholders of the Corporation and other external groups.

The Directors have not developed written position descriptions for the chair of each committee. The Board of Directors of the Corporation believes that the charters of the Audit Committee and Governance Committee adequately delineate the roles of the chairs of such committees.

Orientation and Continuing Education

The Governance Committee oversees any orientation programs to familiarize new Directors with the affairs and operations of the Corporation, including: the Corporation's structure; financial, accounting and risk issues; compliance programs and policies; management of the Corporation; and the external auditors. The Directors of the Corporation have access to members of management of the Corporation and are provided with materials describing the Corporation's operations, strategic plans and financial results.

The Governance Committee also oversees continuing educational opportunities for all Directors, as necessary, so that as individuals, the Directors' knowledge and understanding of the activities of the Corporation remains current.

Ethical Business Conduct

As part of the Corporation's commitment to effective corporate governance, all Directors and officers of the Corporation must act in accordance with the Corporation's Code of Conduct (the "Code"). The Code has been adopted by the Board of Directors and requires every Director, officer, and employee, as the case may be, to observe high standards of business and personal ethics as they carry out their duties and responsibilities. The Code is a guide that is intended to sensitize these individuals to significant legal and ethical issues that frequently arise and to the mechanisms available to report illegal or unethical conduct. The Code addresses ethical conduct, conflicts of interest and compliance with the law. The Code is administered by management, although the Board of Directors has the ultimate responsibility for monitoring compliance with the Code, including granting any departures or waivers from the Code. A copy of the Code may be obtained on request from the administrative office of the Corporation at 6303 Airport Rd., 2nd Floor, Mississauga, Ontario, L4V 1R8.

Nomination of Directors

The Governance Committee of the Corporation is responsible for proposing new Director nominees and making recommendations to the Board of Directors. Directors are also encouraged to identify potential candidates and the Chair shall be consulted and have input into the process.

As part of its mandate, the Governance Committee determines the criteria, objectives and procedures for selecting members of the Board of Directors. In this process, the committee considers factors such as independence, integrity, skills, expertise and breadth of experience.

Renewal of Directors

The Governance Committee, in addition to identifying and nominating candidates for the Board of Directors, is also responsible for identifying the need to renew the Board. The Company has not adopted term limits relating to the duration of service of Directors as a mechanism of Board renewal. Alternatively, the Governance Committee performs a periodic review to determine whether or not changes are required to the composition of the Board of Directors, and makes recommendations accordingly. The review for renewal considers such factors as Director competencies, skills and personal qualities, as well as the contributions made by each individual Director to the effective operation of the Board.

Compensation of Directors

The Governance Committee is responsible for reviewing Director compensation and ensuring that such compensation is competitive and aligns Directors' interests with those of Shareholders. The committee shall recommend the terms upon which Directors shall be compensated with a view to ensuring that the compensation accurately reflects the responsibilities they are assuming.

Assessments

The Governance Committee will coordinate an annual evaluation of the Board of Directors and all board committees to determine whether they are functioning effectively and meeting their respective objectives and goals. The committee reports to the Chair of the Board of Directors on the evaluation of the performance of the Board of Directors, and each committee. The objective of the assessments is to ensure the continued effectiveness of the Board of Directors and its committees in the execution of their responsibilities and to contribute to a process of continuing improvement. The committee may conduct surveys of Directors with respect to their views on the effectiveness of Board of Directors, the Chair of the Board of Directors, each committee and its chair, and the contribution of individual Directors. The committee further monitors the relationship between management and the Board of Directors and reviews the Corporation's governance structures to ensure that the Board of Directors and its committees are able to function independently of management of the Corporation.