



**TERAGO INC.  
MANDATE OF THE BOARD OF DIRECTORS**

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The Board of Directors of TeraGo Inc. is committed to maintaining current and effective corporate governance. This Mandate of the Board of Directors (the “Board”) of TeraGo Inc. is made with reference to National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators. It will be reviewed periodically to ensure that it consistently follows updated best practices and that it will provide appropriate and effective guidance to the Board as to their duties and responsibilities. This Mandate was initially adopted and approved by the Board on August 13, 2007 and it was most recently ratified at a meeting of the Board on February 21, 2018.

**1. STATEMENT OF POLICY**

- The Board is elected by and accountable to the Company’s shareholders and is responsible for overseeing and supervising, directly and through its various committees, the conduct of the business and affairs of the Company. Though elected by the shareholders, the Board is not mandated to represent any particular interest. Rather, all decisions must be made in the best interests of the Company. The Board has delegated the day-to-day management and operation of the Company’s business to management, but is responsible for ensuring that management discharges this responsibility effectively.

**2. STRUCTURE**

***Board***

- The members of the Board shall be elected annually by the shareholders of the Company or as otherwise provided by its Articles. The Corporate Governance Committee of the Board will, from time to time review the number of directors, the need for recruitment and the experience required for any new nominee to ensure that the Board facilitates effective and efficient oversight. Pursuant to its Articles, the Board shall consist of a minimum of one and a maximum of 10 directors, and be in accordance with all applicable regulatory requirements. A majority of the Board shall be comprised of directors who are independent. A director is independent if he or she has no direct or indirect material relationship with the Company as determined in accordance with applicable laws and regulations.
- Each member of the Board, including the Chair, who shall be appointed from among its members, will act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances.

- Effective February 24, 2015, each member of the Board, including the Chair shall serve for no longer than eight (8) years as a director of the Corporation (the “**Director Term Limit**”). The Director Term Limit applies on a go forward basis and any service of a director to the Company prior to February 24, 2015 will not be counted towards the Director Term Limit.
- The Board and the Board Chair will fulfill their mandates by carrying out the duties and responsibilities set forth below.

### ***Committees***

- The Board has the authority and may establish committees and delegate duties and responsibilities to such committees and appoint members of such committees from among its directors. The Board will assess matters to be delegated and the constitution of each committee annually.
- The Board has established four standing committees including a corporate governance committee, a compensation committee, an audit committee and an executive committee. Other committees may be established on an ad hoc basis from time to time to examine specific issues on behalf of the Board.

## **3. MEETINGS**

- The Board shall meet in accordance with a schedule established each year by the Board and at such other times as the Board may determine. Notice of each meeting shall be given to each director and shall state the nature of the business to be conducted at such meeting. An information package, appropriate in detail for the items to be discussed, shall be sent to each director in advance of the meeting. The Board will endeavour to hold at least one meeting per calendar year outside of the Toronto area.
- A quorum for the transaction of business shall consist of the majority of the directors of the Board. Members may participate by means of telephonic, electronic or other communication facilities as to permit all persons participating in such meeting to communicate adequately with each other.
- The Corporate Secretary of the Corporation shall act as secretary of Board meetings. Minutes of such meetings shall be recorded and prepared by the Corporate Secretary and subsequently presented to the Board for approval.
- At the discretion of the Board, members of management and others may attend Board meetings. However, executive sessions of the Board, without members of management being present, may be held at every board meeting.
- Independent directors shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings. Independent directors may propose agenda items for meetings of independent directors through communication with the Chair.

## **4. RESPONSIBILITIES AND ROLE OF THE BOARD**

- In addition to its statutory responsibilities, and matters delegated to Board committees as set out below, the Board’s duties and responsibilities include:
  - a) review and approve the Company’s long-term strategic objectives and adopt a planning process that recognizes the opportunities and risks of the business in developing the strategic plan and approve, at least annually, a strategic plan;

- b) identify and assess the principal risks inherent in the business and ensure management takes all reasonable steps to appropriately manage such risks;
- c) review and approve management’s business plans and budgets (both operating and capital) and monitor the implementation of such plans;
- d) review and approve any significant strategic transactions (including acquisitions, divestitures, financings, investments and alliances) that are not considered to be in the ordinary course of business;
- e) review the financial performance, financial reporting and disclosure of the Company as well as obtaining reasonable assurances that the internal controls and management information systems are adequate;
- f) review the Company’s disclosure policy to ensure the Company’s performance is adequately and appropriately reported on a timely basis;
- g) develop a position description for the CEO and select and appoint the CEO and senior management, review their performance and approve their compensation;
- h) develop appropriate succession management policies for the CEO and senior management of the Company;
- i) provide advice and counsel to CEO and senior management;
- j) assess the effectiveness in fulfilling its own responsibilities, including those of its committees and individual directors;
- k) provide for an orientation program for new directors and ensure periodic presentations from senior management on strategic issues relevant to the business and affairs of the Company;
- l) maintain a culture of integrity including adopt and monitor compliance with the Code of Business Conduct and Ethics, setting the ethical tone for the Company and its management and employees;
- m) ensure that an external communications policy is in place and that the Company has procedures for receiving and responding to feedback from stakeholders;
- n) monitor compliance with applicable legal and regulatory requirements;
- o) approve, on an annual basis, the composition of Board Committees, the respective Chairs and the mandates of such Committees; and
- p) receive, on an annual basis, a report from each Committee Chair regarding fulfillment of such Committee’s mandate duties.

## **5. RESPONSIBILITIES AND ROLES OF COMMITTEES OF THE BOARD**

- Unless otherwise determined by the Board, the respective responsibilities of the Board Committees will be as set out in their Mandates.

## **6. TERMS OF REFERENCE FOR THE CHAIR OF THE BOARD**

- On an annual basis, the Board will appoint a Chair from among its independent members to serve in a non-executive capacity.
- The Chair is responsible for overseeing, managing and assisting the Board in fulfilling its duties in an effective manner, independent of management. Responsibilities include:

- a) to chair Board meetings and annual and special meetings of shareholders;
- b) to organize regularly scheduled board meetings and to participate in the preparation of the agenda of each meeting;
- c) to monitor the work of the committees of the Board; and
- d) to ensure that an appropriate information package is provided to each director in advance of each meeting.

#### **7. TERMS OF REFERENCE FOR THE CHAIRS OF COMMITTEES**

- The chair is responsible for ensuring the committee functions in a manner that is independent of management, including managing meeting schedules, chairing meetings of the committee, acting as liaison between senior management and the committee and providing advice on appropriate matters. The committee chair shall set the agendas for meetings of the committee. The Chair shall report on the significant matters considered at a committee meeting at the next Board of Directors meeting.

#### **8. RESOURCES**

- The Board and its committees shall have the authority to retain appropriate legal, accounting and other consultants and advisors to assist it in fulfilling its responsibilities, as they deem necessary. The Company shall provide appropriate funding, as determined by the Board, for the services of any such advisors. The Chair of the Board shall be kept informed of any advisors retained.

#### **9. SHAREHOLDER FEEDBACK**

- The Board will develop measures for receiving feedback from shareholders with respect to individual queries, comments or suggestions. Shareholder comments, where appropriate, are brought to the attention of the Board and are included in its deliberations.