



## BOARD OF DIRECTORS MANDATE

### Purolator Holdings Ltd.

#### 1. Duties of the Board of Directors

The Board of Directors (the “Board”) is responsible for the stewardship of Purolator Holdings Ltd. (the “Corporation”). That stewardship consists primarily of the duty to manage, or supervise the management of, the business and affairs of the Corporation and, where material or otherwise significant to the Corporation, the business and affairs of the Corporation’s subsidiaries.

As authorized by the *Business Corporations Act* (Ontario) (the “OBCA”) and for the purpose of effectively discharging the Board’s duties, the Board has:

- (a) delegated to the President and C.E.O. of the Corporation many of the Board’s powers and much of the Board’s authority to manage the business and affairs of the Corporation; and
- (b) assumed the duty to supervise the President and C.E.O.’s management of the business and affairs of the Corporation.

#### 2. Standard of Conduct for Directors

As required by the OBCA,<sup>1</sup> every director of the Corporation (a “Director”) shall, in discharging his or her duties:

- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Except to the extent set out in a unanimous shareholder agreement, no provision in a contract, the articles of the Corporation, the by-laws of the Corporation or a resolution shall relieve a director from the duty to act in accordance with the OBCA.<sup>2</sup>

#### 3. Principal Responsibilities of the Board of Directors

The Board’s responsibility for the stewardship of the Corporation includes, among other things, responsibility for:

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<sup>1</sup> OBCA s. 134(1).

<sup>2</sup> OBCA s. 134(3).

- (a) to the extent feasible, satisfying itself as to the integrity of the President and C.E.O. and the other executive officers of the Corporation and its subsidiaries;
- (b) determining the overall vision and long-term strategic framework for the Corporation and approving, and thereafter regularly reviewing, a strategic plan which is consistent with the long-term direction and takes into account, among other things, the opportunities for and risks to the business of the Corporation and its subsidiaries;
- (c) understanding the Corporation's principal risks, and satisfying itself that the Corporation's management is taking appropriate actions to manage those risks;
- (d) planning for the succession of key executive officers of the Corporation and its subsidiaries, including appointing officers and satisfying itself that the President and C.E.O. is taking appropriate actions to develop and monitor the performance of all executive officers;
- (e) satisfying itself as to the adequacy of the internal controls employed by the Corporation and its subsidiaries;
- (f) developing the Corporation's approach to corporate governance; and
- (g) considering all matters that are material to the Corporation and its subsidiaries on a consolidated basis or that are otherwise out of the ordinary course of business.

#### **4. Committees of the Board of Directors**

##### ***Establishment of Committees***

As authorized by the OBCA and for the purpose of effectively discharging the Board's duties, the Board has established the following standing committees of the Board to assist the Board carry out many of its ordinary course duties:

- (a) Audit Committee;
- (b) Governance Committee ; and
- (c) Human Resources and Compensation Committee.

In addition to the standing committees, the Board may, from time to time, establish special committees to consider any matters out of the ordinary course of business such as, but not limited to, a significant transaction.

##### ***Principal Duties of Standing Committees***

Each of the standing committees carries out the duties delegated to it by the Board, as specified in such committee's Board-approved charter. The ordinary course duties of each of the standing committees can be summarized by reference to the subject areas over which the committees exercise oversight:

(a) Audit Committee

- Financial Reporting
- External Audit Activities
- Internal Audit Activities - Controls and Compliance
- Enterprise Risk Management
- Business Plan and Performance

(b) Governance Committee

- Corporate Governance

(c) Human Resources and Compensation Committee

- Management Structure
- Compensation
- Pension Governance
- Employee Relations
- Environment, Health and Safety

When a standing committee is confronted with unusual circumstances, the committee shall refer the matter to the Board for consideration.

***Composition of Standing Committees***

Each of the committees shall consist of at least three Directors (collectively, the “Members”), one of whom shall serve as the chair of the committee (the “Committee Chair”). No officer (except the Board Chair) or employee of the Corporation or any of its subsidiaries may serve as a Member, regardless of whether he or she is also a Director.

In addition, a majority of the Members of the Audit Committee shall be unaffiliated, and every Member of the Audit Committee shall be financially literate. A Member of the Audit Committee will be considered to be:

- (a) “unaffiliated” if he or she is not an officer or employee of any affiliate (as defined in the OBCA) of the Corporation; and
- (b) “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

The Board shall appoint, and may remove or replace, the Members and the Committee Chair of each committee, at any time and from time to time.

***Standing Committee Operating Procedures***

Each of the standing committees shall govern itself in accordance with the *Operating Procedures for Board Committees*, as approved and amended by the Board from time to time.

## **5. Individual Roles and Responsibilities**

### ***Directors***

Each Director is, together with the other members of the Board, responsible for the stewardship of the Corporation. This entails managing, or, to the extent that the authority to manage the business and affairs of the Corporation has been delegated to the President and C.E.O., supervising the management of the business and affairs of the Corporation. To this end, a Director must devote his or her best efforts to the fulfillment of the Board's responsibilities set out in this Board of Directors' Mandate and must, in discharging his or her duties, fulfill the statutory duties of loyalty and care (as more particularly set out under the heading "*Standard of Conduct*"). The specific responsibilities of a Director are set out in the *Position Description for Directors*, as approved and amended by the Board from time to time.

### ***Board Chair***

The Board Chair is responsible for facilitating highly effective performance by the Board. The Board Chair is not an executive of the Corporation in the sense that the Board Chair is not responsible for the management of any aspect of the Corporation's business. The specific responsibilities of the Board Chair are set out in the *Position Description for the Board Chair*, as approved and amended by the Board from time to time.

### ***President and C.E.O.***

The President and C.E.O. is responsible for developing the Corporation's strategic plan for approval by the Board, managing the day-to-day business and affairs of the Corporation within the boundaries established by the Board, and reporting on the business and affairs of the Corporation to the Board on a timely and regular basis. The specific responsibilities of the President and C.E.O. are set out in the *Position Description for the President and CEO*, as approved and amended by the Board from time to time.

### ***Corporate Secretary***

The Corporate Secretary is responsible for assisting the Board in gaining and maintaining reasonable assurance that the Board and the executive officers of the Corporation are complying with the Corporation's governance obligations. The specific responsibilities of the Corporate Secretary are set out in the *Position Description for the Corporate Secretary*, as approved and amended by the Board from time to time.

***Effective January 1, 2019***