

CHARTER OF THE BOARD OF DIRECTORS

1. PRIMARY ROLE OF THE BOARD

“SO” means “Stewardship Ontario”.

The Board of Directors (the “Board”) of “SO” is mandated by WDO, on behalf of the Government of Ontario, with the responsible management of “SO” and, as such, is the highest decision making authority within the organization. The overarching role of the Board of Directors focuses on ***governance and oversight*** rather than on running the day-to-day operations of “SO” – the latter of which is the responsibility of management. As such,

- the Board has delegated to the chief executive officer of “SO” (the “MD”) the powers and authority to manage the business and affairs of “SO”; and
- the Board has assumed the duty to supervise the MD’s management of the business and affairs of “SO” (the “Supervision Duty”).

The governance goal of “SO” is to enhance executive decision making for the purpose of improving the reputation and performance of the organization. Accordingly, every member of the Board (a “Director”) must, in discharging his or her Supervision Duty and other duties,

- act honestly and in good faith ***with a view to the best interests of “SO”***; and
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

2. THE SUPERVISION DUTY

Without limiting the scope or nature of the Supervision Duty, the Board acknowledges and accepts that the Supervision Duty includes the following obligations and duties of the Board:

Financial Reporting and Disclosure

The Board must gain and maintain reasonable assurance that “SO” meets all financial reporting and disclosure obligations imposed on “SO” by applicable law and applicable regulations, rules, policies and other requirements relating to financial reporting and disclosure promulgated by governments and regulatory agencies (“Financial Reporting Obligations”). The Board recognizes that the most significant Financial Reporting Obligations are as follows:

- “SO’s” annual and interim financial statements must present fairly “SO’s” financial position, the results of its operations and its cash flows in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”);

2. "SO's" annual financial statements must be audited and reported on by a firm of chartered accountants (the "external auditor") which is objective and independent; and
 3. material financial information concerning "SO" must be disseminated to WDO as required and all financial information concerning "SO" which is disseminated to WDO must be accurate, complete and fairly presented.
- a) The Board must also:
1. appoint and maintain an audit and finance committee (the "AFC") to assist the Board in discharging its duty to gain reasonable assurance that "SO" meets the Financial Reporting Obligations;
 2. nominate a firm of chartered accountants for appointment as the external auditor by the members of "SO";
 3. fix the compensation of the external auditor; and
4. adopt policies governing "SO's" hiring of partners, employees and former partners and employees of the present and any former external auditor.

Strategic Planning

- a) The Board, in conjunction with the MD, will develop a statement of the strategy which "SO" intends to pursue in carrying on business (the "Strategic Plan").
- b) If at any time the Board is of the opinion that the then-existing Strategic Plan is no longer appropriate, the Board – in conjunction with the MD - must develop a revised Strategic Plan.
- c) After the Board has approved the Strategic Plan, the Board must monitor at each Board meeting "SO's" implementation of the Strategic Plan and "SO's" progress toward achieving the Strategic Plan.

Risk Management

The Board must gain and maintain reasonable assurance that the risks confronting "SO" ("Risks") are identified, monitored and managed by the senior management of "SO" ("Management") (Note: Senior management is defined as being comprised of the MD and those reporting directly to the MD.)

In particular, the Board must gain and maintain reasonable assurance that:

- a) Management has identified the most significant Risks, through a Risk Management Plan, currently confronting "SO" ("Current Principal Risks");
- b) New significant Risks which confront "SO" ("New Principal Risks") will be identified in a timely manner and brought to the attention of the Board; and
- c) Management directly and effectively monitors and manages "SO's" Principal Risks.

Human Resources

- a) The Board must gain and maintain reasonable assurance that there exists within “SO” effective human resources policies and practices to enable “SO” to attract, compensate, train and retain the people required by “SO” to meet the Strategic Plan and Program Plans. In particular, the Board must gain and maintain reasonable assurance that the compensation program for members of Management consists of an appropriate combination of base salary, performance based rewards and other benefits, as agreed by the Board.
- b) The Board must also:
 - 1. establish and maintain a job description for the MD which reflects the Board’s delegation to the MD of the powers and authority to manage the business and affairs of “SO”;
 - 2. discharge the MD when the Board believes he or she is no longer capable of managing the business and affairs of “SO”;
 - 3. establish and approve the terms and conditions of the MD’s employment by “SO”;
 - 4. establish a formal process for annually evaluating the performance of the MD against the criteria approved by the Board;
 - 5. review the appointment of all other senior managers and officers of “SO” upon the recommendation of the MD and approve the terms and conditions of their employment by “SO”;
 - 6. establish and approve comprehensive compensation programs for the MD and for other members of Management, including the criteria against which the performance of “SO” and the MD will be evaluated for the purposes of receiving any performance based rewards;
 - 7. review the criteria recommended by the MD against which the performance of other members of senior Management will be evaluated for the purposes of receiving any performance based rewards;
 - 8. review the MD’s evaluation of the performance of other members of senior Management against the criteria approved by the Board.

Miscellaneous Supervision Duties

The Board must also:

- a) adopt and use reasonable efforts to monitor compliance with a written code of business conduct and ethics (the “Code”) *applicable* to Directors, officers and employees of “SO”; the Code must include standards designed to deter wrongdoing and must address the following issues:
 - 1. conflicts of interest;
 - 2. protection and proper use and exploitation of “SO’s” assets and opportunities;
 - 3. fair and ethical dealing with “SO’s” stewards, suppliers, employees and other stakeholders;
 - 4. compliance with applicable laws, rules and regulations; and
 - 5. reporting of any illegal or unethical behavior;
- (b) require every Director, member of Management and employee to annually sign an attestation acknowledging acceptance of the Code of Conduct;
- (c) require waivers of compliance with the Code which shall be granted only by the Board or an appropriately empowered Board committee.

Approved: March 17, 2009

Latest Revision: April 22, 2014

3. OTHER DUTIES

The Board also acknowledges and accepts the following duties and obligations of the Board.

Governance Structures and Practices

- a) The Board must gain and maintain reasonable assurance that the Board's composition, structures and practices enable the Board to discharge the Supervision Duty and the Board's other duties in a highly effective manner. In particular, the Board must gain and maintain reasonable assurance that:
 1. all Directors are independent. For the purposes of this mandate, a Director is independent if the Director has no relationship with "SO" (other than through their representation of a particular stakeholder group) which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Director's independent judgment;
 2. the number of Directors constituting the Board facilitates effective decision-making by the Board.
- b) The Board must also develop "SO's" approach to corporate governance, including a set of governance principles and guidelines specifically applicable to "SO", and ensure adherence to these principles and guidelines.
- c) consider delegating to a Board committee (the "Governance, Nominating & Risk Committee" or "GNRC") the responsibility to perform any of the tasks in this section and to make recommendations to the Board concerning them.

Governance Culture

The Board must use its best efforts to establish and sustain amongst all Directors a culture which incorporates the following values, and convictions:

- a) acceptance of the Board's accountability for "SO's" performance;
- b) the conviction that Directors owe each other their best efforts in carrying out their duties and exercising their authority;
- c) upholding the confidence of WDO and other stakeholders with due regard to the interests of all stakeholders;
- d) accepting the responsibility for meeting the spirit as well as the letter of applicable laws, program agreements and program plans;
- e) contributing views on critical issues and exercising objective and diligent business judgment;
- f) recognizing the importance of solidarity ("the Board speaks only with one voice") when decisions are taken;
- g) committing to exercising the Board's fiduciary duties only in the interests of the "SO" and free of personal objectives;
- h) openly engaging constructive dialogue to diligently expose risks, liabilities and opportunities;
- i) holding each other responsible for fostering a board environment that:
 - i) invites and respects differing points of view
 - ii) deals rigorously with alternatives, and
 - iii) demands compelling rationales for choices;

- j) practicing personally, and within the Board, the accountabilities that are demanded of executives and employees;
- k) insisting on the highest level of honesty and integrity in all actions of the Board, Management and employees of “SO”; and
- l) encouraging and fostering conditions which build and enhance trust and respect amongst all of the Directors.