

**BMTC GROUP INC.**

**CHARTER**

**OF THE BOARD OF DIRECTORS**

February 11, 2005

## **1. PURPOSE AND MANDATE**

This charter (the "Charter") sets out the mandate and the main duties of the Board of Directors (the "Board of Directors") of BMTC Group Inc. (the "Corporation").

The Board of Directors is responsible for administering the affairs of the Corporation and, as such, it oversees the management of the Corporation, the conduct of its business and the orientation of its development, either directly or through its committees. It sets out the policies of the Corporation and advises and directs the President and CEO and the senior officers in charge of its day-to-day management.

The main duties of the Board of Directors is to ensure the viability, profitability, survival and development of the Corporation and to ensure that it is managed with integrity and in the interest of all shareholders.

## **2. COMPOSITION**

The Board of Directors is made up of a number of directors between the minimum and maximum number set out in the articles of incorporation of the Corporation and established in accordance with the general by-laws of the Corporation. The directors are elected by the shareholders of the Corporation annually at the annual meeting and each of them remains in office until the following annual meeting or until the election or appointment of his successor, except in the case of resignation or if his position becomes vacant due to removal from office, death or otherwise.

The Board of Directors must appoint the Chairman of the Board from among the directors of the Corporation. Furthermore, if the Chairman is a director who holds a management position within the Corporation, the Board of Directors must also appoint a lead director from among the independent directors to chair the Board of Directors at all meetings at which such senior executive is absent.

## **3. INDEPENDENCE OF BOARD OF DIRECTORS**

The Board of Directors, either directly or through one of its committees, adopts structures and procedures to ensure the independence of the Board of Directors vis-à-vis management.

The directors are required to disclose any conflict of interest to the Chairman of the Board or the Chairman of the Human Resources and Corporate Governance Committee

## **4. PROCEDURES**

The Board of Directors meets as often as necessary to perform its duties but at least once per quarter. Other meetings may be held as needed. The Chairman of the Board, in consultation with the directors and management, determines the frequency and length of such meetings.

The Board of Directors may invite other persons who are not directors of the Corporation to participate at its meetings, when it considers it necessary. Any senior executive of the

Corporation, the head of internal audits and the external auditors may be invited to make presentations to the Board of Directors as needed.

The Chairman of the Board, in consultation with the appropriate members of management, prepares the agenda for meetings of the Board of Directors.

The information and materials which are important for the comprehension by Board members of the items on the agenda and related topics are distributed sufficiently in advance of the meeting to give the directors enough time to review them.

All meetings of the Board of Directors must be followed by a closed session attended only by the independent directors in order to ensure a free and open discussion and communication between the independent directors.

## **5. DUTIES AND RESPONSIBILITIES**

Other than the duties and responsibilities prescribed by law, the Board of Directors has the following duties and responsibilities:

- a) Strategic planning session:
  - i) Supervise the development of strategic plans through which the Corporation determines its mission, orientation, business goals and priorities taking account of business opportunities and risks;
  - ii) Review and approve the financial goals, operating plans and operating budgets;
  - iii) Oversee the implementation and effectiveness of the strategic and operating plans;
  - iv) Approve the principal business decisions.
- b) Risk assessment:
  - i) Ensure the implementation of the process allowing the principal risks associated with the activities of the Corporation and its subsidiaries to be determined and managed efficiently;
  - ii) Require that management report on the integrity and overall effectiveness of the risk management process.
- c) Succession planning:
  - i) Supervise the succession planning procedure of the Corporation and its subsidiaries, including the selection, appointment, training, assessment and compensation of the Chairman of the Board, the lead director, the President and CEO and senior executives;
  - ii) Ensure that the senior executives have the necessary skills to perform their duties and that they receive appropriate training and supervision.

- j) Integrity and ethics:
  - i) Develop appropriate structures and procedures which allow the Board of Directors to act independently of management;
  - ii) Ensure the implementation of and compliance with rules of ethics and business conduct, including through the adoption of a Code of Ethics and Business Conduct for directors, officers and employees of the Corporation and its subsidiaries;
  - iii) Require that management set up a compliance program to ensure compliance by the Corporation and its subsidiaries with the law, applicable rules and any other obligation.
- k) Governance:
  - i) Develop and periodically review with the help of the Human Resources and Corporate Governance Committee principles and guidelines respecting the governance of the Corporation.
- l) External auditors:
  - i) Recommend to shareholders the appointment of external auditors and approve their compensation.
- m) Power to determine the governance of subsidiaries:
  - i) Discuss and determine the structure and general governance principles applicable to the subsidiaries of the Corporation in order to make the supervision carried out by the Board of Directors more effective;
  - ii) Ensure that communication mechanisms are in place between the Boards of Directors and committees of the Corporation and its subsidiaries.
- n) External advisers
  - i) The Board of Directors may, at the expense of the Corporation, retain the services of external advisers it considers necessary to perform its obligations and set their compensation.
- o) Exclusive powers
  - i) Approve all matters which the law or case law attribute exclusively to the directors, including the approval of dividends, the issuance of shares, borrowing, the adoption of by-laws and approval of the financial statements.
- p) Residual powers:
  - i) Assume any responsibility not delegated to management.

## 6. QUALITIES EXPECTED OF MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors must possess the following qualities and characteristics:

- a) demonstrate a high level of ethics and integrity in their personal and professional affairs;
- b) act with integrity and good faith in the best interests of the Corporation;
- c) devote the necessary time to the affairs of the Corporation and act with care, diligence and skill in carrying out their duties as members of the Board of Directors and committee members;
- d) provide independent judgement on a wide variety of topics;
- e) understand and make suggestions to improve the essential business plans of the Corporation;
- f) have the desire to work as a team and be open to the opinion of others;
- g) debate important issues and points to encourage active and efficient participation in the deliberations of the Board of Directors and of each committee of which he is a member;
- h) make all reasonable efforts to attend meetings of the Board of Directors and committees;
- i) examine the documents provided in advance by management for meetings of the Board of Directors and committees;
- j) inform the Chairman of the Board before accepting an appointment on any other Board of Directors or Audit Committee and inform him of any change in the interest of a director which could affect his relationship with the Corporation.

## 7. BOARD COMMITTEES

- a) Number, structure and competency of committees:

The Board of Directors may delegate some of its duties to committees. As of the date this Charter is adopted, the Board of Directors has three committees: the Human Resources and Corporate Governance Committee, the Audit Committee and the Investment Committee. Other committees or sub-committees may be established from time to time by resolution of the Board of Directors. Task force committees may be set up on an *ad hoc* basis to deal with particular subjects.

- b) Mandate of committees:

Each Board committee has a mandate describing its role and responsibilities, which is approved by the Board of Directors. The mandates define the responsibilities of the committees and determine to what extent they must make decisions or recommendations, and report to the Board of Directors.

c) Composition:

(i) Audit Committee:

All members of the committee must comply with the requirements in effect on any relevant date relating to the composition of audit committees and the independence of their members which are prescribed by the regulatory authorities having jurisdiction over the Corporation, as determined by the Board of Directors.

(ii) Human Resources and Corporate Governance Committee:

No member of the committee may be an officer or employee of the Corporation or its affiliates.

(iii) Investment Committee:

All committee members must be outside directors.