

## **MANDATE OF THE BOARD OF DIRECTORS**

### **FOUNDERS ADVANTAGE CAPITAL CORP.**

In accordance with the recommendation of the Corporate Governance Committee (the "Committee") the board of directors (the "Board") of Founders Advantage Capital Corp. (the "Corporation") wishes to formalize the guidelines pursuant to which the Board fulfills its obligations to the Corporation. The Board acknowledges the Corporate Governance Guidelines set forth in National Policy 58-201 ("NP 58-201") and the overriding objective of promoting appropriate behaviour with respect to all aspects of the Corporation's business. In consultation with the Committee, the Board will review and modify its mandate, as applicable, to reflect changes to the business environment, industry standards on matters of corporate governance, additional standards which the Board believes may be applicable to the Corporation's business, the location of the Corporation's business and its shareholders and the adoption and implementation of relevant laws and policies.

These guidelines are intended to be flexible and to provide direction to the Board in conjunction with its legal obligations and mandate from the shareholders to oversee and direct the affairs of the Corporation.

#### **GENERAL BOARD RESPONSIBILITIES**

As recommended by the provisions of NP 58-201, the Board explicitly acknowledges responsibility for the stewardship of the Corporation, including responsibility for the following:

1. to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer ("CEO") and other executive officers and ensuring that the CEO and other executive officers create a culture of integrity throughout the Corporation;
2. adopting a strategic planning process for the Corporation which takes into account, among other things, the opportunities and risks of that business and monitoring performance against those plans;
3. identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate risk management systems; adopting policies and processes to identify business risks; addressing what risks are acceptable to the Corporation and ensuring that systems and actions are put in place to manage them;
4. in consultation with the CEO and the Committee, developing a succession plan for senior management of the Corporation;
5. approving the Corporation's policies and mandates, including, without limitation, this mandate of the Board, the mandates for the audit committee, compensation committee and corporate governance committee, the whistleblower policy, the code of business conduct and the corporate disclosure policy;
6. ensuring that appropriate processes, controls and systems are in place for the management of the business and affairs of the Corporation and addressing applicable legal and regulatory compliance matters regarding the Corporation's financial and other disclosure, including the integrity of the internal control framework;
7. approving capital and operating plans and monitoring performance against those plans;
8. developing an approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;
9. developing measures for receiving feedback from shareholders and other stakeholders on the business of the Corporation and other matters whether through investor relations, the CEO or other mechanics independent of management;

10. developing guidelines with respect to expectations and responsibilities of directors;
11. developing clear position descriptions for the chair of the Board and the chair of each board committee;
12. together with the CEO, developing a clear position description for the CEO, which includes delineating management's responsibilities;
13. developing or approving the corporate goals and objectives that the CEO is responsible for meeting;
14. in consultation with the Committee, establishing and maintaining an orientation program for new directors and a continuing education program for all directors; and
15. conducting regular assessments to determine whether the Board, its committees and individual directors are contributing and functioning effectively.

#### **COMPOSITION OF THE BOARD**

1. *Criteria for the Board*

The majority of the Board shall be "independent" of the Corporation, within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*. The Board is responsible for making the determination of whether a director is independent. It will be the responsibility of the Committee to implement a process for assessing the effectiveness of the Board, its committees and each individual Board member and the Committee shall review with the Board, on an annual basis, the results of its assessment.

2. *Size of the Board*

The size of the Board shall enable its members to effectively and responsibly discharge their responsibilities to the Corporation and to the shareholders of the Corporation. The demands upon the Board will likely evolve with the future growth and development of the Corporation. The size of the Board should be considered over time and within the context of the development of the business of the Corporation, the formation of committees, the workload and responsibilities of the Board and the required expertise and experience of members of the Board.

3. *Operation*

The Board will in each year appoint a chairman of the Board (the "Chair"). The Board retains the responsibility of managing its own affairs including selecting its Chair and nominating candidates for election to the Board upon recommendation of the Committee, constituting committees of the Board and determining compensation for the directors upon recommendation of the Governance Committee. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act (Alberta)* (the "ABCA"), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

#### **LEGAL REQUIREMENTS**

1. The Board is responsible for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
2. The Board has the statutory responsibility to:
  - a. manage the business and affairs of the Corporation;
  - b. act honestly and in good faith with a view to the best interests of the Corporation;

- c. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - d. act in accordance with its obligations contained in the ABCA and the regulations thereto, the articles and by-laws of the Corporation and other relevant legislation and regulations.
3. The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
  - a. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - b. the filling of a vacancy among the directors or in the office of auditor;
  - c. the appointment of additional directors;
  - d. the issuance of securities except in the manner and on the terms authorized by the Board;
  - e. the declaration of dividends;
  - f. the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
  - g. the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;
  - h. the approval of management proxy circulars;
  - i. the approval of any financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and
  - j. the adoption, amendment or repeal of any by-laws of the Corporation.

#### **BOARD COMMITTEES**

- The Board shall, at this time, have the following standing committees, each of which must report to the Board:
  1. Audit Committee;
  2. Corporate Governance Committee; and
  3. Compensation Committee.
- The responsibilities of the foregoing committees shall be as set forth in the mandates for these committees as prescribed from time to time by the Board.
- The Board Committees shall be comprised of a sufficient number of "independent" directors so as to comply with applicable laws.
- Appointment of members to standing committees shall be the responsibility of the Board, having received the recommendation of the Committee, based upon consultations with the members of the Board. In this regard, consideration should be given to rotating committee members from time to time and to the special skills of particular directors. Committee chairs will be selected in accordance with the mandates of such committees. The committee chairs will be responsible for determining the agenda of meetings of their respective committees and for ensuring compliance with their committee mandates.

- The Board shall regularly assess the effectiveness of each of the standing committees. An assessment should consider, among other things, the mandate of each standing committee and the contribution of each member thereof.
- The Board may constitute additional standing committees or special committees with special mandates as may be required or appropriate from time to time. In appropriate circumstances, the committees of the Board shall be authorized to engage independent advisors as may be necessary in the circumstances.
- In discharging his or her obligations, an individual director may engage outside advisors, at the expense of the Corporation, in appropriate circumstances and subject to the approval of the Committee.

#### **SELECTION OF NEW DIRECTORS & CHAIR OF THE BOARD**

- The Board will ultimately be responsible for nominating and appointing new directors and for the selection of its Chair. However, initial responsibility for identifying and nominating Board members shall reside with the Committee.
- The process of identifying and recommending new directors shall be the responsibility of the Committee, following consultation with members of the Board at large.
- Invitations to join the Board should be extended by the Chair.
- New members of the Board should be provided with an orientation and education program as to the nature of the business of the Corporation, current issues, strategies and responsibilities of directors.

#### **BOARD EXPECTATIONS OF SENIOR MANAGEMENT AND ACCESS TO SENIOR MANAGEMENT**

- Management is responsible for the day to day operation of the Corporation.
- Upon invitation of the Board, members of management shall attend Board meetings in order to expose directors to key members of the management team, to provide reports in their specific areas of expertise and provide additional insight into matters being considered by the Board. The Board will typically schedule a portion of each meeting as a meeting solely of the independent directors.

#### **REPORTING AND COMMUNICATION**

The Board has the responsibility to:

1. verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
2. verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;
3. verify that the financial results of the Corporation are reported fairly and in accordance with generally accepted accounting principles recognized by the Canadian Institute of Chartered Accountants;
4. verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation in accordance with the Corporation's Disclosure Policy; and
5. report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year.

#### **MONITORING AND ACTING**

The Board has the responsibility to:

1. review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;
2. verify that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards;
3. approve and monitor compliance with significant policies and procedures by which the Corporation operates;
4. recommend to shareholders the appointment of the Corporation's external auditor, pursuant to the recommendation of the Audit Committee, and in consultation with the Audit Committee, set the external auditor's compensation;
5. monitor the Corporation's progress towards its goals and objectives and work with management to revise and alter its direction in response to changing circumstances;
6. take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant; and
7. verify that the Corporation has implemented appropriate internal controls and management information systems.

#### **MANAGING RISK**

The Board has the responsibility to:

1. identify and understand the principal risks of the Corporation's business, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that appropriate systems are in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation;
2. review and assess the adequacy of the Corporation's risk management policies, systems, controls and procedures with respect to the Corporation's principal business risks; and
3. review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.

#### **OTHER ACTIVITIES**

- The Board may exercise or delegate any other powers consistent with this mandate, the Corporation's articles and by-laws, the ABCA and any other governing laws, as the Board deems necessary or appropriate.

#### **MEETING PROCEDURES**

- The members of the Board, the Corporate Secretary and a secretary to the meeting should be invited to any regularly constituted meeting of the Board. Officers or other persons shall attend by invitation only and for those elements of the meetings where their input is sought by the directors.

Adopted by the Board of the Corporation on May 16, 2016