

# FALCO BOARD OF DIRECTORS RESPONSIBILITIES – 2021

In addition to statutory responsibilities, the Board, either directly or through one of its committees, assumes responsibility for:

- (a) **satisfying itself**, to the extent feasible, as to the integrity of the President and Chief Executive Officer (“CEO”) and other senior officers, and that the CEO and other senior officers maintain a culture of integrity throughout the Corporation;
- (b) **ensuring** that the Corporation is operated so as to preserve its financial integrity and in accordance with policies approved by the Board;
- (c) **ensuring**, through the Nominating and Corporate Governance Committee, that appropriate structures and procedures are in place so that the Board and its committees can function independently of management and in accordance with sound corporate governance practices;
- (d) **reviewing and approving** key policy statements developed by management on various issues such as ethics, regulatory compliance and communications with shareholders, other stakeholders and the general public;
- (e) **adopting** a strategic planning process and thereafter reviewing and, where appropriate, **approving**, annually, a strategic plan and a budget which takes into account, among other things, the opportunities and risks of the business (all of which are **developed** at first by management), and **monitoring** the Corporation’s performance with reference to the adopted budget and strategic plan;
- (f) **appointing** the CEO, **setting forth** the position description, as well as **planning** for the succession of the CEO with the recommendation of the Nominating and Corporate Governance Committee and the Compensation Committee respectively;
- (g) **evaluating** the performance and **reviewing** the compensation of the CEO with the Compensation Committee, and **ensuring** that such compensation is competitive and measured according to appropriate benchmarks which reward contribution to shareholder value;
- (h) **appointing, training, evaluating and monitoring** officers as well as planning for their succession with the recommendations of the Nominating and Corporate Governance Committee; **determining** management compensation with the recommendations of the Nominating and Corporate Governance Committee and the Compensation Committee, respectively and **ensuring** that such compensation is competitive and measured according to appropriate industry benchmarks;
- (i) **overseeing**, through the Audit Committee, the quality and integrity of the Corporation’s accounting and financial reporting systems, and disclosure controls and procedures;
- (j) **ensuring**, through the Audit Committee, the integrity of the Corporation’s internal controls and management information systems;
- (k) **overseeing**, through the Audit Committee, the process for evaluating the adequacy of internal control structures and procedures of financial reporting;
- (l) **advising** management on critical and sensitive issues;
- (m) **ensuring** that the Board’s expectations of management are understood, that all appropriate matters come before the Board in a timely and effective manner and that the Board is kept informed of shareholder feedback;
- (n) **conducting** annually, through the Nominating and Corporate Governance Committee, a review of Board practices and the Board’s and committees’ performance (including director’s individual contributions), to ascertain that the Board, its committees and the directors are capable of carrying out and do carry out their roles effectively;
- (o) **ensuring** with the Compensation Committee, the adequacy and form of the compensation of non-executive directors taking into account the responsibilities and risks involved in being an effective director;
- (p) **determining**, with the Nominating and Corporate Governance Committee, in light of the opportunities and risks facing the Corporation, what competencies, skills and personal qualities the Board should seek in recruiting new Board members, and the appropriate size of the Board to facilitate effective decision-making;
- (q) **determining**, annually, with the Nominating and Corporate Governance Committee, the independence of each member of the Board as such term is defined by applicable laws and regulations including, rules and guidelines of stock exchanges to which the Corporation is subject;
- (r) **setting forth**, with the recommendation of the Nominating and Corporate Governance Committee, the position description for the Chair of the Board and the Chair of the committees of the Board;
- (s) **determining** annually, with the Audit Committee, if each member of the Audit Committee is “financially literate” as such terms are defined under applicable laws and regulations including rules and guidelines of stock exchanges to which the Corporation is subject;
- (t) **selecting**, upon the recommendation of the Nominating and Corporate Governance Committee, nominees for election as directors;
- (u) **selecting** the Chair of the Board;
- (v) **selecting** the Lead Director of the Board and ensure the director appointed as Lead Director is and remains independent;
- (w) **ensuring**, through the Nominating and Corporate Governance Committee, that new directors have a good understanding of their role and responsibilities and of the contribution expected of them (including as regards attendance at, and preparation for, meetings), and that they are provided with adequate education and orientation as regards the Corporation, its business and activities;
- (x) **approving** unbudgeted capital expenditures, or significant divestiture, as well as acquisitions where environmental or other liabilities exist and which could result in significant exposure to the Corporation;
- (y) **discussing and developing** the Corporation’s approach to corporate governance issues in general, with the involvement of the Nominating and Corporate Governance Committee;
- (z) **reviewing and approving**, with the involvement of the Disclosure Committee, the content of the principal communications by the Corporation to its shareholders and the public, including, as applicable, quarterly and annual financial statements and management’s discussion and analysis, annual information form, information circulars, prospectuses and other similar documents which may be issued and distributed;
- (aa) **ensuring** ethical behavior and compliance with laws;
- (bb) **monitoring**, directly or through one of its committees, compliance with the Code of Ethics; and
- (cc) **consider** the means by which stakeholders can communicate with the members of the Board (including independent directors).

SOURCE: Falco Board of Directors Charter, Dated May 25 2016 and last reviewed on September 27, 2021