

# **COMPUTER MODELLING GROUP LTD.**

## **BOARD OF DIRECTORS MANDATE**

### **A. MANDATE**

The mandate of the Board is to undertake stewardship of the Corporation pursuant to applicable statutes and regulations. It undertakes the stewardship principally through: (1) reviewing and making decisions with respect to the strategic direction and plans of the Corporation; (2) considering for approval, recommendations from its committees; and (3) undertaking strategic initiatives of the Board itself. In discharging its duties and responsibilities, the Board shall act in accordance with applicable laws and regulations, including but not limited to the provisions of the *Business Corporations Act* (Alberta) ("ABCA"), with a view to always act in the best interests of the Corporation.

The Terms of Reference distinctly delineate the stewardship and authorities of the Board from those of Executive Management and facilitate effective communication and coordination among the Board, Board Committees, Executive Management, shareholders and the public.

### **B. CONSTITUTION**

1. Pursuant to the Corporation's articles, bylaws and the ABCA, the Board shall have a minimum of three and a maximum of nine directors, with the number of directors approved by the shareholders at an annual meeting of shareholders. At least one-quarter of the directors must be resident Canadians (as defined in the ABCA) and at least a majority of them must be independent as defined under securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. The Board shall be responsible for determining whether any particular director is independent of Management.
2. The directors, other than interim appointments, are elected by the shareholders and each serves until succeeded or resigns.
3. The Board Chair is appointed by the Board to serve at the pleasure of the Board until succeeded or resigns. The Board Chair shall be an independent director. Where this is not appropriate, an independent director shall be appointed as a "lead director".
4. A recording assistant shall be appointed by the Board.

### **C. MEETINGS, MINUTES AND REPORTING**

1. The Board shall determine the number of, dates and times, place and the procedures for meetings provided that:
  - a) proper notice of meetings is given in compliance with the articles and bylaws of the Corporation and all applicable laws;
  - b) the Board meets at least quarterly;
  - c) the agenda for each Board meeting is established by the Chair, in consultation with the CEO, taking into account suggestions from other members of the Board and meeting materials are sent to directors with sufficient time for study prior to the meetings;

- d) a quorum of a majority of members are present in person or via telephone or other communication facilities that permit all those directors participating to hear each other;
- e) in the absence of the Board Chair, a chair for the meeting is chosen at the meeting;
- f) resolutions are decided by a majority vote, with the Board Chair having a second or casting vote in the event of a tie;
- g) an in camera session, without the non-independent directors and Management present, be held at every Board meeting; and
- h) the recording assistant shall record minutes of the meetings and after review by the Chair and by the CFO; the minutes shall be submitted for amendment and decision at the next meeting of the Board.

***D. SCOPE OF STEWARDSHIP***

1. The scope of stewardship of the Board is plenary, subject to the requirements of the ABCA.
2. Authorities are delegated to the CEO and to Board Committees by way of the respective Position Description, the Delegation of Authorities and the Charters as provided herein; however, stewardship over those delegated authorities remains with the Board.
3. The Board's responsibilities shall include:
  - a) conducting its meetings and recording/approving minutes thereof;
  - b) establishing committee charters and committees pursuant to the charters, and appointing the chair and directors to serve on each committee, including two standing committees, the Governance Committee (which includes nominating and compensation functions) and the Audit Committee;
  - c) developing clear position descriptions for the Board Chair, Chief Executive Officer and Chief Financial Officer;
  - d) considering and approving recommendations from its committees and Management including recommendations as set forth in this Board mandate and recommendations specified in the charters;
  - e) to the extent feasible, satisfying itself as to the integrity of the CEO and other officers and that they create a culture of integrity throughout the organization;
  - f) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
  - g) taking reasonable steps to ensure that Management identifies the principal business and financial risks of the Corporation's business, implements appropriate systems to manage these risks and achieves a proper balance between risk and returns;
  - h) overseeing succession planning, including the process that has been developed and implemented for Management succession and appointing the CEO, monitoring

performance, determining compensation and providing advice and counsel on the execution of the duties of the CEO;

- i) approving the appointment of senior Management, acting upon the advice of the CEO;
- j) adopting a communication and disclosure policy (Disclosure Policy) for the Corporation and take reasonable steps to ensure that the Corporation has in place effective communication processes with shareholders and other stakeholders and with financial, regulatory, and other institutions and agencies as appropriate;
- k) ensuring the necessary internal control over financial reporting and disclosure controls and procedures are in place that effectively monitor the Corporation's operations and ensure compliance with applicable laws, regulations and policies, including reviewing on an annual basis the controls and procedures established for the certification of financial and other disclosure made by the Corporation;
- l) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;
- m) setting out expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials;
- n) reviewing and approving the Corporation's goals and objectives relevant to the compensation of the officers, including the CEO, and approving the Corporation officers' compensation plans/packages based upon an evaluation of each officer's performance with respect to the goals and performance targets approved by the Board;
- o) approving the annual business plan, including capital and operating budgets, which supports the Corporation's ability to meet its strategic objectives and implements the strategic plan;
- p) adopting a written code of business conduct and ethics ("Code") and anti-bribery and corruption policy which is applicable to directors, officers and employees of the Corporation;
- q) monitoring compliance with the Code and anti-corruption policy and granting waivers, if any, from the Code;
- r) approving the Governance Committee's recommendations regarding assessments of the Board, its size, its committees and the competencies and skills of each individual director;
- s) reviewing and approving the adequacy and form of director compensation;
- t) considering the recommendations of the Governance Committee for new director nominees and recommending director nominees at the annual meetings of shareholders;
- u) ensuring all new directors receive a comprehensive orientation and continuing education opportunities for all directors;

- v) taking reasonable steps to ensure that the financial performance of the Corporation is accurately and fairly reported to stakeholders on a timely, regular and non-selective basis, and in accordance with generally accepted accounting principles;
- w) considering and approving the Audit Plan and the compensation of the external auditor;
- x) approving the comparative annual financial statements and interim financial reports, MC&A and related press releases of the Corporation.
- y) considering the Audit Committee's recommendation for the nomination of the external auditors of the Corporation to shareholders and recommending the nominee to the shareholders;
- z) approving the annual information/proxy circular and accompanying proxy materials;
- aa) approving the annual information form;
- bb) taking reasonable steps to oversee the timely reporting of any other developments that have a material impact on the Corporation;
- cc) approving acquisitions and divestitures in excess of the limits set forth in the Delegation of Authorities to the CEO herein;
- dd) approving debt or equity financings, and the payment of any commissions and fees in connection thereto;
- ee) declaring dividends, setting the dividend record date and approving the dividend policy;
- ff) appointing or removing senior officers, provided however the CEO is delegated authorities as set forth in the Delegation of Authorities to the CEO herein;
- gg) determining matters to be submitted to the shareholders of the Corporation;
- hh) approving the establishment of equity-based compensation plans or other derivative-based plan and amendments and grants related thereto;
- ii) approving the purchase, redemption, acquisition, issuance or otherwise trading in securities of the Corporation;
- jj) adopting, amending or repealing the bylaws of the Corporation subject to shareholder ratification;
- kk) ensuring appropriate structures and procedures are in place so the Board can operate independently of Management;
- ll) monitoring the Corporation's progress towards its objectives and goals, including in light of changing circumstances; and
- mm) overseeing the Corporation's activities as they relate to the environment and security and the Corporation's environmental and security policies.

The Board may perform such other functions as the Board deems necessary or appropriate for the performance of its responsibilities and duties.

***E. BOARD COMMITTEES***

1. The Board shall have two standing committees:
  - a) Audit Committee and
  - b) Governance Committee, which embodies the functions of the nominating committee and the compensation committee.
2. The composition and responsibilities of these committees shall be set forth in the Charters for these committees as prescribed from time to time by the Board.
3. The Board may constitute additional committees with charters as may be required or appropriate from time to time.
4. At each meeting of the Board, each committee shall report on any activities and conclusions of the respective committee since their last report.
5. Appointment of members to the standing committees shall be the responsibility of the Board, having received the recommendation of the Governance Committee. In this regard consideration shall be given to the competencies and skills of particular directors, as well as independence criteria.

***F. ENGAGE OUTSIDE ADVISORS***

1. In discharging their obligations and in appropriate circumstances, a committee may engage outside advisors at the expense of the Corporation. Individual directors may engage outside advisors subject to approval by the Governance Committee, such approval not to be unreasonably withheld.