



**SMART EMPLOYEE BENEFITS** (the “Corporation” or “SEB”)  
**GOVERNANCE AND COMPENSATION COMMITTEE**

**Charter**

**Purpose**

To assist the Board of Directors with its oversight role by:

1. Developing effective corporate governance guidelines and processes, assessing the effectiveness of the Board of Directors and Committees of the Board, and assessing the contributions of individual Directors.
2. Identifying individuals with the competencies, skills and qualities determined by the Board to be required or best suited to complement the current Board composition, and recommending those individuals as nominees for election as Directors at each annual meeting.
3. Assisting the Board of Directors (the “**Board**”) in fulfilling its responsibilities with respect to the compensation of the Chief Executive Officer (the “**CEO**”) and other executive officers of the Corporation as determined by the Board, the Corporation’s executive compensation disclosure and oversight of the executive compensation structure and benefit plans and programs of the Corporation.

**Overall Responsibilities of the Committee**

4. The Governance and Compensation Committee (“**Committee**”) shall assist the Board in carrying out the Board’s responsibilities.

**Composition and Membership of the Committee**

5. The Committee shall be comprised of three (3) or more directors appointed by the Board, none of whom shall be an officer or an employee of the Corporation or any of its affiliates.
6. The Chairperson of the Committee shall be determined by the Board. The Chairperson’s responsibilities are attached hereto as **Schedule “A”**. The Committee may appoint a Vice-Chairperson.
7. Each member of the Committee shall be a director and, in the business judgment of the Board, satisfy the applicable independence and experience requirements of the laws governing the Corporation and the applicable stock exchanges on which the Corporation’s securities are listed.
8. Any member of the Committee may be removed or replaced at any time by the Board and the Board shall fill vacancies of the Committee.

### **Meetings, Quorum, Minutes and Procedures**

9. Meetings shall be held at the call of the Chairperson or a majority of the members of the Committee. Notice of the time and place of every meeting may be given by telephone or in writing, and be delivered by hand, mail, facsimile or electronically to each member of the Committee at least 24 hours prior to the time fixed for such meeting. A quorum at any meeting of the Committee shall be not less than a majority of the members of the Committee.
10. The Chairperson of the meeting shall appoint a person to act as a recording secretary to keep minutes of each meeting. The recording secretary need not be a member of the Committee.
11. Decisions at meetings of the Committee shall be determined by a vote of the majority of those present and eligible to vote. Decisions may also be effected by a resolution in writing signed by all members of the Committee.

### **Specific Responsibilities of the Committee**

#### **Corporate Governance**

12. With respect to the ongoing development of SEB's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation, the Committee shall:
  - (a) at least annually:
    - (i) review the adequacy and effectiveness of the Board's governance policies, practices, and procedures, including the Board Mandate, the Board Charter, the Chairperson's Responsibilities, and the Individual Director Responsibilities, and make appropriate recommendations for their improvement; and
    - (ii) make an assessment of the effectiveness of the individual directors and the Board as a whole;
  - (b) ensure the ongoing education and orientation of current and new Directors;
  - (c) monitor and assess the Board's relationship with management and recommend, where necessary, limits on management's authority to act without express approval of the Board;
  - (d) assess shareholder proposal(s) as necessary for inclusion in the Proxy Circular, and make appropriate recommendations to the Board;
  - (e) review the description of corporate and Board governance in the Proxy Circular prior to distribution to shareholders;
  - (f) evaluate the performance of the Chief Executive Officer ("**CEO**"); and

- (g) ensure that Smart Employee Benefits develops a strategic planning process.

### **Compensation and Human Resources**

- 13. The Committee shall conduct the following functions and report and make recommendations to the Board, as and when appropriate:
  - (a) Reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO's compensation level based on this evaluation;
  - (b) Making recommendations to the Board with respect to non-CEO executive officers' compensation, incentive-compensation plans and equity-based plans;
  - (c) Reviewing executive compensation disclosure before the issuer publicly discloses this information;
  - (d) Reviewing the executive compensation structure and benefit plans and programs of the Corporation. Specifically, assessing and making recommendations in respect of executive officers on appropriate compensation programs and incentive plans, education and training, position descriptions to define the limit of management's responsibility, recruitment, succession planning and executive management's effectiveness and performance in relation to annual performance;
  - (e) Overseeing the Corporation's Employee Stock Option and other Short Term and Long Term Incentive Plans; and
  - (f) Making recommendations with respect to overall compensation and benefits programs of the Corporation.

### **Composition of the Board and its Committees**

- 14. The Committee shall:
  - (a) prior to each annual meeting of shareholders, identify and recommend qualified candidates to the Board, and recommend the slate of nominees for election by shareholders at the next annual meeting of shareholders; and
  - (b) between each annual meeting of shareholders:
    - (i) recommend appointments to committees of the Board;
    - (ii) fill any vacancy on the Board and its committees;
    - (iii) review the contribution of each director in relation to the responsibilities established for individual directors;

- (iv) monitor the Board's independence of and relationship to management; and
- (v) deal with any resignation tendered by a director, or terminate a director who does not meet the level of contribution expected.

#### **Nomination of Directors**

15. The Committee shall annually review the criteria adopted by the Board for the selection and recruitment of new directors and make recommendations to the Board for the election of Directors at the next annual meeting of shareholders after assessing the following:
- (a) the competencies and skills that are considered to be necessary for the Board, as a whole, to possess;
  - (b) the competencies and skills that the Committee considers each sitting Director to possess;
  - (c) the competencies and skills that each new nominee will bring to the boardroom; and
  - (d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

#### **Compensation of Directors**

16. **Compensation of Directors:** With respect to compensation of Directors, the Committee shall review at least annually and recommend to the Board the compensation of directors, including participation in any equity plans.

#### **Appointment and Succession of the CEO**

17. With respect to the appointment and succession of the CEO, the Committee shall review at least annually:
- (a) the CEO's succession plan and, as necessary, recommend to the Board the appointment from time to time of a Chief Executive Officer for the Corporation; and
  - (b) satisfy itself as to the integrity of the CEO and the contribution of the CEO in creating a culture of integrity throughout the organization, and report these determinations to the Board.

#### **Director Indemnification and Other Matters**

18. The Committee shall:
- (a) develop guidelines to ensure that there are in place appropriate insurance and policies for taking action as is appropriate to defend, indemnify and save harmless the Corporation's directors and officers from and against every claim

for loss, costs, damages and expenses in respect of anything done (or not done) in good faith and honestly in the absence of any fraudulent, criminal or malicious act, all in accordance with the applicable by-laws and any guidelines for indemnification adopted by the Board from time to time;

- (b) develop guidelines for the bonding of executives and other employees of the Corporation and its subsidiaries.
19. The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.

#### **Disclosure in Proxy Circular**

20. The Committee shall review the disclosure in the annual Proxy Circular relating to the discharge of the Committee's responsibilities.

#### **Adequacy of Charter and Performance Evaluation of Committee**

21. The Committee shall:
- (a) review and assess annually the adequacy of this Charter, as well as amendments proposed by other Committees of the Board to their Charters, and when necessary, recommend changes to the Board; and
  - (b) annually undertake a review and performance evaluation of itself with the Board against the responsibilities of the Committee set out in this Charter.

#### **Authority of the Committee**

22. The authority of the Committee is subject to the provisions of this Charter, the by-laws and other constating documents of the Corporation, the Board Mandate and the Board Charter, such limitations as may be imposed by the Board from time to time, and the laws governing corporations.
23. The Committee is authorized by the Board to undertake any assessment, examination or investigation that the Board determines is necessary, and such other matters as the Board may request, and to carry out such responsibility in the manner the Committee considers appropriate having regard to the nature of the matter it assesses, examines or investigates.
24. The Committee shall have the authority to consider and make recommendations to the Board regarding such other matters as may be referred to it by the Board or by management from time to time.
25. The Committee may, with the consent of the Board, for the purpose of assisting the Committee to carry out any responsibility set out in this Charter, establish a subcommittee comprised of directors reporting to the Committee.

26. Notwithstanding any provision in this Charter, the Chairperson of the Board may convene on short notice a meeting of the Committee to address any matter that s/he considers to be an emergency and difficult to achieve a quorum of the Board. Decision(s) made at such meeting of the Committee may be acted upon as though they were decision(s) of the Board. All Directors shall promptly be advised of the notice of meeting, be entitled to attend and vote, and be informed of any decision(s) at such meeting.

#### **Independent Advisors**

27. The Committee shall have the authority to retain such independent advisors as it may deem necessary for its purposes. The expenses relating to an engagement by this Committee shall be borne by the Corporation.

#### **Approval of Board**

28. The Committee shall function primarily to address governance and compensation issues and aspects of the Corporation and its subsidiaries with the purposes mandated by this Charter, and to formulate recommendations for consideration and approval by the Board.

## **SCHEDULE "A"**

### **Committee Chairperson Responsibilities**

The Chairperson of the Governance Committee is responsible for managing the process of the Committee to ensure that the Committee effectively discharges the responsibilities set out in the Charter of the Committee. The responsibility of the Committee Chairperson includes:

1. Working with the Chairperson of the Board to set annual meeting schedules for the Committee;
2. Establishing objectives for the Committee;
3. Establishing the agenda for each meeting and ensuring that appropriate materials are distributed to Committee members prior to Committee meetings;
4. Chairing meetings of the Committee and ensuring that the Committee is working in compliance with its charter and discharging its responsibilities;
5. Communicating with Committee members between meetings;
6. Managing the services provided by any independent advisor engaged pursuant to section 27;
7. Maximizing attendance at meetings;
8. Ensuring that minutes of each Committee meeting accurately reflect the actions and decisions of the Committee;
9. Reporting to the Board as spokesman for the Committee; and
10. Evaluating the contribution of each Committee member as well as the effectiveness of the Committee.