



CHARTER OF THE BOARD OF DIRECTORS

IMPORTANT NOTICE

This charter presents the basic principles recommended by the TSO₃ (the Company) Board of Directors which must prevail in the formation and functioning of the Board of Directors Charter. The Board of Directors has formulated and adopted other, more specific rules under the headings:

- Charter of the Board of Directors;
- Charter of the Corporate Governance and Nominating Committee;
- Charter of the Compensation Committee;
- Charter of the Audit and Risk Management Committee;
- Employees' Code of Ethics;
- Charter of the Scientific Committee;
- Code of Business Ethics;
- Communications and Insider Trading Policy;
- Ethical and Commercial Breach Whistle Blowing Policy;
- A statement governing the Chairman of the Board's mandate.

Accordingly, this charter should be interpreted and applied in conjunction with the above-mentioned documents.

1.0 BOARD OF DIRECTORS MISSION

The Board of Directors is responsible for the Company's general management and administration in compliance with the Canada Business Corporations Act (Quebec) and other applicable laws as well as the Corporation's regulations;

The Board of Directors delegates to senior management the responsibility for the day-to-day management of the Company's business while defining the general decisional scope for the business and operation of the Corporation;

The Board of Directors may delegate some of its powers and responsibilities to permanent or ad hoc committees. Nonetheless, it retains full effective control of the Company's business.

2.0 COMPOSITION

- 2.1 The majority of Board members are outside directors.
- 2.2 “Outside director” means a director who is not a member of management and has no interest in or relationship with the Company, including business relationships, except for interests or relationships relating simply to holding shares, which may be reasonably likely to be perceived as significantly hindering his/her ability to act in the best interests of the Company.
- 2.3 The application of the definition of outside director in the case of each director is incumbent on the Board of Directors, which will disclose which members are outside directors and, as applicable, will provide a description of the business, family, direct and indirect shareholder or other relationships between each director and the Company.
- 2.4 If, while in office, a director experiences a major event that is likely to affect his qualification as an outside director, he must declare it and offer his resignation. The Board of Directors will take it under consideration as quickly as possible.
- 2.5 The Company expects and requires its directors to be and remain free of conflicts of interest, and to abstain from acting in any manner that may actually or potentially be harmful, conflicting or detrimental to the Company’s interests.
- 2.6 It is incumbent on the Board of Directors, following notice from its Corporate Governance and Nominating Committee, to see to its size and composition, and to establish a board comprised of members able to take effective decisions.
- 2.7 The Board of Directors is responsible for recommending candidates for election to the Board at shareholders’ meetings.
- 2.8 It is incumbent on the Board of Directors to approve the appointment of new directors to fill any vacancy.
- 2.9 The Board of Directors will provide all new directors on an ongoing basis information and orientation program on its rules of operation, the obligations of a director and the Company’s activities and operations.
- 2.10 The Corporation expects from the Directors that they understand the Corporation’s activities and appreciate its issues, to review the material submitted to them before the meetings and to attend all the regular meetings. They are also expected to take an active part in the Board’s discussions and decisions.

3.0 RESOURCES

- 3.1 To maintain the best possible knowledge about the Company, the Board of Directors recommends that the Chief Executive Officer and another member of management have seats on the Board of Directors.
- 3.2 The Board of Directors also acknowledges that it is important that certain members of senior management attend the Board meetings to present information and opinions to help the directors in their deliberations. The Board of Directors collaborates with the Chief Executive Officer in determining which members of management will attend its meetings.
- 3.3 The Board of Directors will implement appropriate structures and methods to ensure its independence from management. The Board can schedule meetings without the presence of members of management.

4.0 GENERAL MANAGEMENT RESPONSIBILITIES

- 4.1 The Board of Directors will assume responsibility for managing the Company, specifically on the following issues:
 - a) Supervision of the strategic planning process;
 - b) Identification of the main risks associated with the Company's business and taking measures to ensure the implementation of appropriate systems to manage these risks;
 - c) Planning for replacements, including the appointment, training and supervision of senior managers;
 - d) The integrity of the Company's in-house control and management information systems;
 - e) Establish a system for monitoring performance in achieving the Company's objectives.
- 4.2 The Board of Directors will supervise the Company's management and establish a constructive and productive relationship with the Chief Executive Officer.
 - 4.2.1 Management facilitates the Board's monitoring role by submitting to its members, in a timely manner, information and accurate, complete and relevant reports. Management must report to the Board by submitting informed opinions regarding, for example, major business objectives, strategies, plans and policies.
- 4.3 The Company's managers, under the supervision of the Chief Executive Officer, are responsible for the Company's general day-to-day management, and the development of recommendations to the Board of Directors regarding short and long-term strategic, financial, organizational and related objectives.
- 4.4 The Board of Directors will set up a process enabling communication between employees, shareholders, and the Board.

- 4.5 It is incumbent on the Board of Directors to oversee the Company's communication policy, be it regarding investors, analysts, other interested parties or the public. The Board of Directors will ensure that this policy includes measures enabling the Company to comply with its ongoing and ad hoc information obligations.
- 4.6 The Board of Directors shall adopt and ensure the maintenance and application of the code of ethics applying to the Company's directors, managers and employees. The Board of Directors will ensure that management has a mechanism for monitoring and applying the code of ethics.
- 4.7 The Board of Directors shall set up adequate mechanisms for monitoring and issuing insider reports by its managers.
- 4.8 The Board of Directors will also examine and approve:
- i) Operations outside of the normal course of business, specifically proposals regarding mergers or acquisitions, or other significant investments or disinvestments;
 - ii) All issues likely to have a significant impact for shareholders;
 - iii) The appointment of any person to a position that would make him/her a Company executive manager.
- 4.9 The Board of Directors will approve all subjects that the law assigns exclusively to directors, specifically the approval of dividends and mechanisms for resolving conflicts of interest. In addition to these exclusive powers, the Board of Directors will assume any responsibility not otherwise delegated to management.
- 4.10 Annual evaluation of the Board of Directors
- Annually, the Board of Directors will examine the Corporate Governance Committee's evaluation of the performance of the Board of Directors, its members and its recommendations. The purpose of this examination is to increase the efficiency of the Board of Directors and contribute to the ongoing improvement process in the Board's execution of its responsibilities.
- 4.10.1 Pursuant to all laws, regulations and policies that TSO₃ may be subject to, mainly but not exclusively as a public company, the Board of Directors will ensure, depending on the availability of independent administrators, that each of its committees always comprises at least one existing and one new member.
- 4.11 Committees
- 4.11.1 The Board of Directors appoints committees to help it fulfill its functions and process the information it receives.

- 4.11.2 Each committee operates according to a written charter or mandate approved by the Board of Directors describing its functions and responsibilities. This organizational structure may be changed if the Board of Directors deems it would be best that it fulfill some of its responsibilities by way of a more in-depth examination of issues in committee.
- 4.11.3 Annually, the Board of Directors will examine the work of each committee, evaluating their effectiveness and, as applicable, reviewing their respective composition and mandates.
- 4.11.4 Annually, the Board of Directors will appoint a member of each of its committees to act as committee chair.
- 4.11.5 Subject to subsection 4.11.7, the Board of Directors committees comprise a minimum of three (3) members of which a majority are outside directors.
- 4.11.6 The Board of Directors and the committees have the authority to hire external consultants, at the Company's expense.
- 4.11.7 The Audit and Risk Management Committee is made up solely of outside directors. All members of the Audit and Risk Management Committee must have financial skills and at least one member must have relevant accounting or financial experience, the whole as stipulated in the Audit and Risk Management Committee Charter.

4.12 Chairman of the Board

- 4.12.1 The Chairman of the Board of Directors must be an outside director. He will ensure that the Board of Directors fulfills its responsibilities, that the Board of Directors conducts an objective evaluation of managers' performance, and that the Board of Directors understands the boundaries between the Board of Directors' responsibilities and those of the managers.
- 4.12.2 The Chairman of the Board of Directors will chair regular meetings of directors and periodic meetings of outside directors; he will assume the other responsibilities that the directors may entrust to him from time to time.
- 4.12.3 A Board meeting is called to order when a majority of Board members are in attendance.