
1. INTERPRETATION AND OBJECTIVES

This Charter must be interpreted and applied jointly with the other charters and governance policies adopted by the Board.

This Charter sets forth the fundamental principles endorsed by TSO₃ (the "Corporation") which must take precedence in determining the formation and functioning of its Board of directors (the "Board").

2. MANDATE

The Board of Directors (hereinafter the "Board") has general responsibility for providing effective and independent oversight of the management of the business and affairs of TSO₃ (hereinafter the "Corporation"), while retaining full and effective control of its business and affairs.

All decisions of each Board member shall be made in the best interests of the Corporation, and the Board shall ensure that the directors do not represent private interests.

The Board's primary objectives are the following:

- Protect the Corporation's assets, particularly by increasing value to shareholders;
 - Ensure the viability, profitability and continuing development of the Corporation;
 - Ensure the approval of the strategic plan and compliance therewith.
-

3. DELEGATION

The Board delegates the responsibility for the administration and management of the Corporation's daily operations to the senior officers.

It may also delegate some of its powers and responsibilities to permanent or ad hoc committees (hereinafter the "Committees"), while nevertheless retaining full and effective control of the business and affairs of the Corporation.

4. COMPOSITION

4.1 Composition

- 4.1.1 In the opinion of the Corporate Governance Committee, the Board is responsible for determining the Board's size and composition.
- 4.1.2 The Board is responsible for approving the appointment of new directors to fill vacancies; it is also responsible for recommending candidates, upon the recommendation of the Corporate Governance Committee, for election to the Board at shareholders' meetings.
- 4.1.3 The Board shall not impose any term limits on the directors, but will delegate the review of the mandate of every director to the Corporate Governance Committee, which will obtain confirmation that each director wishes to continue as a member of the Board.
- 4.1.4 There is no mandatory retirement age.
- 4.1.5 Directors who hold a position as officers of the Corporation shall submit their resignation to the Board when they retire or resign from their position as officers of the Corporation.

4.2 Directors

A majority of the directors shall be independent directors within the meaning of Section 1.4 of *Regulation 52-110 respecting Audit Committees* adopted by the Canadian Securities Authorities.

A director is considered independent only when the Board determines that he or she has no material relationship, direct or indirect, with the Corporation or its subsidiaries. Within the meaning of *Regulation 52-110 respecting Audit Committees*, a "material relationship" means a relationship that, according to the Board, could reasonably be expected to interfere with the independence or judgment of a director.

Accordingly, each director shall:

- Remain free of any conflicts of interest.
- Satisfy the criteria for independence, as more fully determined by the Board.
- Be a person with integrity.
- Exercise his or her business judgment in the best interests of the Corporation and the shareholders.
- Familiarize himself with the Corporation's business and operations and identify the issues and stakes of the Corporation.
- Understand the risks faced by the Corporation.
- Attend the Board meetings and meetings of the other Committees of which he or she is a member, and spend the necessary time as is reasonably necessary to fulfill his or her responsibilities.
- Review materials for the meetings in advance of the scheduled date thereof, participate actively in the meetings, and give advance notice of any matters or concerns he or she may have for discussion purposes.
- Disclose any material change in his or her situation that could threaten his status as an independent director and, in such case, offer his or her resignation to the Board.
- Refrain from acting in any manner which may be actually or potentially harmful or prejudicial to the interests of the Corporation, or in conflict therewith.
- Notify the chair of the Board and the chair of the Human Resources/Compensation Committee before accepting any invitation to sit on the board of directors of another publicly held corporation.

4.3 New directors

The Board shall provide every new director, on a continuous basis, with any information on the rules for the functioning of the Board, his or her obligations as director, and the business and operations of the Corporation.

4.4 Committees

4.4.1 The Board shall maintain the following committees at all times:

- Audit and Risk Management Committee;
- Human Resources
- Advisory Committee;
- Corporate Governance and Nominating Committee.

4.4.2 The members of these committees shall be appointed by the Board upon the recommendations of the Corporate Governance Committee, taking into account the wishes and qualifications of the individuals in question.

4.4.3 The Board may also establish and maintain other additional committees, when useful or necessary.

4.4.4 Each committee shall have its own charter and shall carry out a self-assessment of its annual performance.

5. QUORUM

5.1 A quorum is obtained where a majority of the Board members are present at the meeting.

5.2 There must be a quorum for the entire duration of the meeting to enable the Board members to validly deliberate and make a decision. However, where a member is temporarily absent from a Board meeting, he or she is deemed to be present for purposes of establishing a quorum.

6. MEETINGS

6.1 The Board shall meet for at least four (4) regular meetings during the year.

- 6.2 The chair of the Board, jointly with the Chief Executive Officer of the Corporation, shall draw up the agenda for each meeting of the Board and attach the relevant documents thereto, which are to be provided to the directors five (5) days in advance of the meeting.
- 6.3 In order for the Board to maintain the best possible knowledge of the business and affairs of the Corporation, the Board recommends that the Chief Executive Officer be a member.
- 6.4 The Board acknowledges that some members of management may from time to time attend Board meetings to submit relevant information and notices to the directors in order to assist them in their deliberations.
- 6.5 To ensure that there are appropriate structures and practices in place to maintain the Board's independence from management, the Board shall hold closed meetings with the independent directors at least after every regular meeting of the Board.

7. ROLES AND RESPONSIBILITIES

- 7.1 Without restricting the generality of the foregoing, the Board shall assume responsibility for the management of the Corporation in respect of the following matters:
- 7.1.1 Supervision of the strategic planning process.
- 7.1.2 Review and approval of the financial statements and operating results as compared with the forecasted results.
- 7.1.3 The recommendation for the appointment of the external auditors and approval of their compensation.
- 7.1.4 Ensuring the integration and effectiveness of the Corporation's internal control and information management systems.
- 7.1.5 Identification of the indicators for assessing performance in relation to the corporate objectives.
- 7.1.6 Identification of the main risks faced by the Corporation and implementation of appropriate systems for managing these risks.

- 7.1.7 Succession planning, including the appointment, training and supervision of the senior officers.
 - 7.1.8 Implementation of a process that enables employees and shareholders to communicate with the Board.
 - 7.1.9 Supervision of the Corporation's Communications Policy to ensure compliance with the Corporation's continuous and timely disclosure obligations.
 - 7.1.10 Maintaining of a Code of Ethics applying equally to the directors, officers and employees.
 - 7.1.11 Implementation of mechanisms for the control and disclosure of insider reports.
- 7.2 The Board shall also be responsible for reviewing and approving:
- 7.2.1 Transactions outside the ordinary course of business, such as proposals for mergers or acquisitions.
 - 7.2.2 Any matter that could have a material impact on the shareholders.
 - 7.2.3 The appointment of an officer of the Corporation.
 - 7.2.4 Any proposed change to the compensation paid to the members of the Board.
 - 7.2.5 The compensation, method of payment and indemnity payments of the members of the Board.
 - 7.2.6 The hiring of independent legal, financial or other advisors, as needed, without requiring the prior approval of any officer.
 - 7.2.7 Maintaining the confidentiality of any information acquired by the members of the Board and from their deliberations.
 - 7.2.8 The review of:
 - i) the nature of the relationship with the Corporation's main clients and partners.
 - ii) significant changes in the share ownership.
 - iii) the periodic reports of the committees.

8. MANAGEMENT

- 8.1 The management shall facilitate the oversight role of the Board by submitting accurate, complete and relevant reports to the Board members on a timely basis.
 - 8.2 In reporting to the Board, the management shall provide it with informed opinions on all matters involving the objectives, strategies and policies of the Corporation.
 - 8.3 The officers, under the supervision of the Chief Executive Officer, are responsible for the general day-to-day management of the Corporation and for making recommendations to the Board regarding the short- and long-term strategic, financial, organizational and related objectives of the Corporation.
-

9. CHAIR OF THE BOARD

- 9.1 The chair of the Board shall be an independent director.
 - 9.2 He shall ensure that the Board fulfills its responsibilities and shall objectively assess the performance of the officers.
 - 9.3 He shall chair the regular meetings of the Board and periodic meetings of the independent directors.
 - 9.4 He shall assess the effectiveness of the Board and its committees.
 - 9.5 He shall conduct a periodic review of the Board's mandate.
-

10. EVALUATION OF THE BOARD

- 10.1 The directors shall conduct an annual self-assessment of the performance of the Board and assess the recommendations made by the Corporate Governance Committee.
 - 10.2 The purpose of this evaluation is to enhance the Board's effectiveness and contribute to the process for the ongoing improvement of the Board's performance of its responsibilities.
-

10.3 The result will also contribute to determining in what areas the directors and/or officers feel they may, collectively or individually, make a better contribution to the business and affairs of the Corporation.

11. AUTHORITY

The management should speak on behalf of the Corporation, while the chair of the Board should speak on behalf of the Board.