

ShawCor Ltd.
Mandate for the Board of Directors

Revised: March 3, 2010

A. Duties and Responsibilities of the Board of Directors

1. Management and Supervision

The Board of Directors of ShawCor is responsible for the stewardship of the Company. This role is primarily carried out by means of the Board's supervision of the management of ShawCor's business and affairs by ShawCor's senior officers. The functions, duties and powers of directors are set out in the *Canada Business Corporations Act* ("CBCA"), the Company's Articles and By-laws and within the developing principles of common law. Directors cannot and do not manage the affairs of the Company in the literal sense, as such duties are delegated to the Company's officers. The function of directors relates more to the *supervision* of the management rather than to the *actual* management of the Company. Generally, the directors' role is to provide supervision of the management of the Company, to approve policies of the Company and to be knowledgeable about and approve of the major decisions taken by the Company. The Board's role includes advocating and supporting the best interests of the Company.

The Board seeks to perform its role by reviewing, discussing and approving the Company's strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhances and preserves the business of the Company and its underlying value. In broad terms, the stewardship of the Company involves the Board in strategic planning, risk management and mitigation, senior management appointments, succession planning, communication policy, safety and environmental issues, corporate governance and internal control integrity.

2. Procedures, Powers and Role

a) General - The Board delegates to the Company's senior officers the responsibility for the day-to-day management of the Company while providing guidance and direction to such senior officers. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company's strategic objectives.

b) Fiduciary Duties - In view of the special relationship between the directors and the Company, which puts the directors in a position of trust and control, the common law has characterized the nature of the duties owed by the directors to the Company as "fiduciary duties". Generally speaking, a director's fiduciary duties consist of a duty to act honestly and in good faith and with a particular standard of care.

The standard of care required of directors and officers is codified in the CBCA, which provides that every director and officer of a corporation in exercising his or her powers and discharging his or her duties shall:

- (i) act honestly and in good faith with a view to the best interests of the corporation; and
- (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

c) Conflicts of Interest - If a Board member faces a potential or actual conflict of interest relating to a matter before the Board, that member should alert the Board Chair, or depending on when the matter becomes known, the Board as a whole. If the Board Chair faces a potential or actual conflict of interest, the Board Chair should advise the Chair of the Audit Committee. If the Board Chair, or the Chair of the Audit Committee, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict should disclose to the Board the member's interest and

should not participate in consideration of the matter and should not vote on the matter. The Corporate Secretary should maintain a written record of any disclosure of conflict by a Board member either in the minutes of the Board or otherwise.

- d) Standard of Care* - With respect to the statutory duty of care required by a director, there is no concession for any deficiency of knowledge or skill on the part of a director who may in fact be acting to the best of his or her own ability. Where a director is not skilled in a particular area, the courts may emphasize the director's duty to be diligent in the circumstance by way of seeking outside advice, making inquiries of appropriate individuals or other means.
- e) Duties not to be Delegated* - There are specific duties set out in the CBCA which may not be delegated, including:
- i. issuing securities except as authorized by the Board;
 - ii. declaring dividends;
 - iii. making, amending and repealing by-laws of the Company;
 - iv. purchasing, redeeming or otherwise acquiring shares of the Company;
 - v. approving a management proxy circular, take-over bid circular or directors' circular;
 - vi. approving the annual financial statements of the Company;
 - vii. calling the annual meeting of the shareholders of the Company;
 - viii. filling any vacancy among the directors or in the office of auditor of the Company or appointing additional directors; or
 - ix. submitting to the shareholders any question or matter requiring the approval of the shareholders.

B. Board Organization

1. *Composition* - The Board shall be composed of not less than three nor more than eighteen directors. A majority of directors shall be "independent" as such term is defined in the Company's Corporate Governance Guidelines.
2. *Appointment and Replacement of Directors* - The members of the Board shall be elected by the shareholders annually and each member of the Board shall remain on the Board until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected or appointed in accordance with the Company's By-laws. Whenever there is a vacancy on the Board, the remaining members may exercise all its power as long as a quorum remains in office.
3. *Chair of the Board* - The members of the Board shall elect a Chair from among the members and the Chair shall preside at all meetings of the Board. The Chair of the Board shall be responsible for leadership of the Board, including preparing the agenda, presiding over the meetings, and making board assignments. If the Chair is not present at any meeting of the Board, the Vice Chair shall preside at the meeting. The Chair shall act as the principal liaison between the Board and the Chief Executive Officer.
4. *Compensation of Directors* - Members of the Board shall receive such remuneration for acting as directors as the Board may from time to time determine. The Corporate Governance Committee

should periodically review all aspects of such remuneration and make recommendations to the Board respecting the same. The Chief Executive Officer receives no compensation for acting as a director.

5. **Meetings** - It is anticipated that there will be a minimum of five meetings per year. Each meeting should include a session without senior management present and a session of the independent directors only without senior management present.
6. **Delegation** - The Board may delegate certain responsibilities to Board committees. Such committees shall have a written Board approved charter, except in the case of special committees of the Board which may be appointed from time to time. The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. Subject to applicable law and to the Articles and By-laws of the Company, the Board retains the responsibility for managing its own affairs including:
 - (a) planning its composition and size;
 - (b) selecting its Chair;
 - (c) providing orientation and on-going education for directors;
 - (d) nominating candidates for election to the Board;
 - (e) appointing committees;
 - (f) determining director compensation;
 - (g) setting expectations and responsibilities of directors, including attendance at, preparation for and participation in Board and committee meetings; and
 - (h) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.
7. **Retention of Consultants** - To assist the Board or any committee of the Board in carrying out their respective roles, the Board or any committee may from time to time retain special legal, accounting, financial or other consultants, at the Company's expense, if determined by the Board (or, unless otherwise required by law, in the case of a committee, if determined by the Corporate Governance Committee and the Chair) to be advisable or appropriate in the circumstances.

C. Committees of the Board

The Board should:

- (a) elect annually from among its members an Audit Committee, an Executive Committee, a Compensation Committee and a Corporate Governance Committee, each to be composed of not fewer than three directors. The committees shall each adopt a formal written charter approved by the Board;
- (b) appoint for each committee a Chair from among its members;
- (c) appoint additional committees as circumstances may warrant; and
- (d) appoint special committees periodically to address certain issues of a more short-term nature.

D. Fulfillment of Role

- 1. Strategic Planning and Risk Management** - The Board should ensure that a strategic planning process is in place, reviews and approves strategies, visions and missions and monitors management's success in implementing the strategies. This is done through an annual Board meeting held each year to review and approve the Company's strategic and annual business plan and annual capital expenditures programs. The strategic plan should be updated each year so that it always projects the next three-year period. Management reports to the Board quarterly, highlighting and commenting upon divisional performance compared with annual business plan forecasts and prior year results.

As part of the strategic plan review process, the Board should identify and evaluate the principal opportunities and risks of the Company's businesses, and seek to ensure that management puts in place appropriate systems to manage the principal risks.

The Audit Committee should regularly review specific areas of the Company's financial functions, including the integrity of the Company's internal controls and information systems, and the Corporate Governance Committee and the Compensation Committee should review risks related to succession planning. Reports on these reviews should form a part of the regular review by the whole Board of the Company's operating performance.

- 2. Independence and Lead Director** - To facilitate the functioning of the Board independently of management of the Company and the non-independent directors, the Board should appoint one of its independent directors to act as Lead Director. The Lead Director should consult and meet with any or all of the independent directors, at the discretion of either party and with or without the attendance of the Chair, and should represent such directors in discussions with the Chair on corporate governance issues and other matters. The Lead Director should also promote best practices and high standards of corporate governance and assist in the process of conducting director evaluations.
- 3. Communication** - The Board believes that accurate, timely and regular communication with its shareholders and the investment community is of the highest importance. The Company has a formal disclosure policy, which has been reviewed and approved by the Board. As part of the policy, all annual and quarterly reports to shareholders, including financial statements and the associated Management Discussion and Analysis, are reviewed and recommended to the Board for approval by the Audit Committee, and are posted on the Company's website. On the recommendation of the Corporate Governance Committee, the Board reviews and approves the Management Proxy Circular. In addition, as directed and monitored by the Board, senior management is charged with the responsibility of complying with the Company's regulatory disclosure obligations and responding to inquiries from shareholders, analysts and other interested parties.
- 4. Internal Control and Reporting** - The integrity of the Company's internal control and reporting systems are primarily the responsibility of management with oversight review by the Audit Committee of the Board, which should meet regularly with both the Company's financial and accounting personnel and the Company's internal and external auditors to review these matters. The Audit Committee should report to the full Board with respect to any issues that arise out of such discussions.
- 5. New Board Nominees** - Responsibility for proposing new board nominees rests with the Corporate Governance Committee.
- 6. Board Effectiveness** - The Corporate Governance Committee should annually assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of individual directors. The committee should report the results of these assessments to the Board.

- 7. Board Orientation and Education** - The Corporate Governance Committee's role includes the orientation and the education of the directors. All new members of the Board should be provided with a Board Manual, containing detailed information on the Company and its businesses, its charter and history, and expectations and policies relevant to the Board and its members, together with a Code of Conduct and Disclosure and Insider Trading policies. Regular visits to selected plant sites and meetings with senior management should also be arranged to allow directors the opportunity to familiarize themselves with the Company's operations and businesses at first hand.
- 8. Executive Committee** - The Executive Committee deals with corporate matters that arise between meetings of the Board or as specifically requested by the Board.
- 9. Board Size** - The matter of Board size should be considered periodically by the Board, and on an ongoing basis by the Corporate Governance Committee.
- 10. Board Compensation** - As part of its mandate, the Corporate Governance Committee of the Board should periodically review the adequacy and form of compensation of directors, including minimum share ownership requirements, and should make appropriate recommendations to the Board. In making its recommendations, the committee should take into account the level and form of compensation necessary to attract directors of the caliber and experience required to effectively oversee a company of the Company's current size, complexity and market scope.
- 11. Executive Performance and Compensation** - The Board should:
 - a) appoint all officers and assess the performance of the Chief Executive Officer and other executives and approve their compensation, following a review of the recommendations of the Compensation Committee;
 - b) establish objectives for the Chief Executive Officer;
 - c) satisfy itself, to the extent feasible, as to the integrity of these individuals and that the Chief Executive Officer and senior management create a culture of integrity throughout the Company;
 - d) following a review of the recommendations of the Compensation Committee, approve certain matters relating to all employees including:
 - i. the Company's broad compensation strategy and philosophy;
 - ii. new benefit programs or material changes to existing programs; and
 - e) provide advice and counsel to the CEO in the execution of the CEO's duties.
- 12. Succession Planning** – The Board should ensure that succession planning programs are in place, including programs to appoint, train, develop and monitor management. The Corporate Governance Committee and the Compensation Committee along with the Chair should periodically review succession planning, including recommendations with respect to the appointment of senior officers, as and when required. The full Board approves the appointment of senior officers and the Compensation Committee and the Corporate Governance Committee should monitor senior management succession.

- 13. Corporate Governance** - The Corporate Governance Committee's role includes making recommendations to the Board on all matters relating to corporate governance, including the appropriateness of the Company's governance structure in view of its position in the Canadian marketplace. The Board should oversee the Company's approach to corporate governance, including approving a set of Corporate Governance Guidelines applicable to the Company, as developed by the Corporate Governance Committee.
- 14. Position Descriptions** - The Corporate Governance Committee should formulate for Board approval position descriptions for the Chair, the Vice Chair, the Lead Director, the Chair of each Board Committee, and the CEO.
- 15. Confidentiality** - The Board should monitor management's enforcement of policies respecting confidential treatment of the Company's proprietary information and the confidentiality of Board deliberations.
- 16. Health, Safety and Environmental** - The Board should:
 - a) review and approve the Company's health, safety and environmental policy ("the Policy");
 - b) periodically evaluate the Company's progress in implementing the Policy and approve Policy updates as appropriate; and
 - c) review reports from management on health, safety and environmental activities, policies and practices.
- 17. Code of Conduct** - The Board should:
 - a) ensure a written Code of Conduct (the "Code") has been adopted by the Company which is applicable to all directors, officers and employees. The Code constitutes written standards that are intended and reasonably designed to promote integrity and deter wrongdoing. In particular, it should address conflicts of interest, protection and proper use of corporate assets, confidentiality of corporate information, fair dealing with security holders, customers, suppliers, competitors and employees; compliance with laws, rules and regulations, and reporting of any illegal or unethical behaviour; and
 - b) monitor the Company's compliance with all significant policies and procedures by which the Company is operated, including the Code.

E. General

The Board should periodically review and reassess the adequacy of this Mandate. The performance of the Board should be periodically evaluated with reference to this Mandate. This Mandate should be disclosed on the Company's website and elsewhere in accordance with all applicable regulatory requirements.

The Board's role is an oversight role, and nothing in this Mandate is intended to require the Board to ensure the Company's or any other person's compliance with applicable laws or regulations. The Board is not, and shall not be deemed to be, an Agent of the Company's securityholders for any purpose whatsoever. The Board of Directors 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 Company, or other liability whatsoever.