

	DIRECTORS' MANUAL		
	BOARD CHARTER		Revision No. 2
Document Owner: Board of Directors	Approved by: Board of Directors	Previous Revision Date: 2015 February 28, 2017	Current Revision Date: June 4, 2019

MANDATE

The primary responsibility of the Board of Directors (the “**Board**”) of Strad Inc. (the “**Corporation**”) is to provide governance and stewardship to the Corporation. This Board Mandate includes, but is not limited to, the following:

- to determine the Corporation’s Mission and Purpose;
- to select and appoint a Chief Executive Officer (“**CEO**”) to whom responsibility for the administration of the organization is delegated, to review and evaluate the CEO’s performance regularly on the basis of a specific job description, including executive relations with the Board, leadership in the organization, planning and implementation for the Corporation’s products and services, and in management of the organization and its personnel;
- to provide support and administrative guidance to the CEO and the executive team;
- to ensure effective organizational structure and planning;
- to ensure adequate resources are available and that such resources are managed effectively;
- to account to the stockholders for the performance of the organization and expenditures of its funds;
- to provide for fiscal accountability, approve the budget, and formulate policies related to its business operations;
- to enhance the organization's public image;
- to serve as a Court of Appeal; and
- to assess its own performance.

The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it appoints from time to time): the Audit Committee, the Human Resource Committee, and the Governance Committee.

1. LEGAL REQUIREMENTS

The Board has oversight responsibility for the Corporation’s satisfaction of its legal obligations and for properly preparing, approving and maintaining documents and records. The Board has the statutory obligation to:

- (a) manage the business and affairs of the Corporation, in accordance with applicable laws;
- (b) act honestly and in good faith with a view to the best interests of the Corporation;

- (c) exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances; and
- (d) act in accordance with its obligations contained in the *Business Corporations Act* (Alberta) and the regulations thereunder, the Corporation's articles and by-laws and other relevant legislation and regulations.

2. APPOINTMENT AND SUPERVISION OF MANAGEMENT

The Board will:

- (a) Appoint the CEO and, upon recommendation of the CEO, appoint other senior officers which comprise the senior management team ("**SMT**"), provide them with advice and counsel and monitor the performance of the CEO against a set of mutually agreed corporate objectives directed at maximizing shareholder value and approve CEO compensation.
- (b) Establish a process to adequately provide for management succession.
- (c) Establish boundaries between the board and management responsibilities and establish limits of authority delegated to management.
- (d) Satisfy itself, to the extent feasible, as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the Corporation.
- (e) Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

3. STRATEGIC PLANNING AND RISK MANAGEMENT

The Board will:

- (a) Maintain a strategic planning process and review and approve annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- (b) Review and approve management's strategic and operational plans to ensure they are consistent with the corporate vision.
- (c) Monitor the Corporation's performance against both short-term and long-term strategic plans and annual performance objectives.
- (d) Confirm that a management system is in place to identify the principal risks to the Corporation and its business and that appropriate procedures are in place to monitor and mitigate those risks.
- (e) Ensure that the Corporation achieves a proper balance between risks incurred and potential return to shareholders.

- (f) Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.
- (g) Confirm that processes are in place to comply with the corporation's by-laws, Codes of Conduct, all recognition orders and exemption orders issued with respect to the Corporation by applicable securities regulatory authorities, and all other significant policies and procedures.

4. FINANCIAL REPORTING AND MANAGEMENT

The Board will:

- (a) Approve the Corporation's financial statements and review and oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- (b) Approve annual operating and capital budgets.
- (c) Approve capital commitments which result in expenditures in excess of the approved annual capital expenditure budget.
- (d) Confirm the integrity of the Corporation's internal control and management information systems, and review the effectiveness of internal control procedures annually.
- (e) Review operating and financial performance results relative to established strategy, budgets and objectives.
- (f) Confirm that the Corporation has a system in place for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (g) Approving significant changes in accounting practices or policies.

5. SHAREHOLDER COMMUNICATION

The Board will:

- (a) Confirm that management has established a system for effective corporate communications including processes for consistent, transparent, regular and timely public disclosure.
- (b) Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Corporation's business information.
- (c) Report annually to shareholders on the Board's stewardship for the previous year.
- (d) Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Corporation has a system in place to receive feedback from shareholders.

6. CORPORATE GOVERNANCE

The Board will:

- (a) Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management and non-independent directors.
- (b) Establish committees and approve their respective charters and the limits of authority delegated to each committee.
- (c) Determine Board member qualifications.
- (d) Establish appropriate processes for the regular evaluation of the effectiveness of the Board, its chair, and all the committees.
- (e) Approve the nomination of directors.
- (f) Review the adequacy and form of directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.
- (g) Establish attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all directors should attend all meetings of the board and each committee on which he or she sits, and review in advance all the applicable materials for such meetings.

7. CODES OF CONDUCT

The Board will:

- (a) Adopt a Board Code of Conduct and an Employee Code of Conduct (collectively, the “**Codes of Conduct**”) and monitor compliance with those codes.
- (b) Approve any waivers and ensure disclosure of any waivers of the Codes of Conduct in the Corporation's annual report or management information circular.

8. MONITORING AND ACTING

The Board will:

- (a) Ensure that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards.
- (b) Approve and monitor compliance with the significant policies and procedures by which the Corporation is operated to the extent Board approval is required by applicable law or to the extent requested by management for review and approval.
- (c) Ensure that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation.

- (d) Ensure that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace.
- (e) Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.
- (f) Take action when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant.

9. THE CHAIR OF THE BOARD

The Chair of the Board reports to the Board and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO and SMT to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, governments and the public.

The Chair of the Board will be a person other than the CEO.

The Chair of the Board will:

- (a) Provide effective leadership so that the Board can function independently of management by ensuring that the Board meets regularly without management and non-independent directors and that the Board may engage outside advisors as required subject to any approvals determined by the Board.
- (b) Preside at all meetings of the Board. In the absence of the chair, the members of the Board present at a meeting shall appoint one of those members to act as chair for that particular meeting.
- (c) Establish procedures to govern the Board's work including:
 - i. together with the corporate secretary, scheduling meetings of the Board and its committees;
 - ii. chairing all meetings of the Board;
 - iii. encouraging full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
 - iv. developing the agenda for Board meetings with input from the other Board members and management;
 - v. together with the corporate secretary, ensuring proper and timely information is delivered to the Board; and
 - vi. ensuring that the Board has appropriate administrative support; and addressing complaints, questions and concerns regarding Board matters.
- (d) Ensure the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.

- (e) Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.
- (f) Act as a liaison between the Board and management.
- (g) Serve as advisor to the CEO and other officers.
- (h) Together with the Board's Governance Committee, establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.
- (i) Ensure that adequate orientation and ongoing training programs are in place for Board members.
- (j) Together with the Board's Governance Committee, establish performance criteria for the Board and for individual Board members and co-ordinate the evaluation of performance and reporting against these criteria.
- (k) Work with the Board or appropriate Board committee to establish performance criteria for the CEO and to facilitate the evaluation of the CEO's performance.
- (l) Work with the Board's Governance Committee to establish and manage a succession program for the CEO's position.
- (m) Oversee matters relating to shareholder relations and chair meetings of the shareholders.
- (n) Work with the CEO to represent the Corporation to external stakeholders including shareholders, the investment community, governments and communities.

The Chair of the Board's performance will be measured against the following key metrics:

- i. The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
- ii. The extent to which the Corporation carries out its responsibilities to shareholders, employees, customers, governments, and the public.
- iii. The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

10. THE CHIEF EXECUTIVE OFFICER

The CEO is accountable to the Board for achieving corporate goals and objectives within specified limitations and in accordance with the CEO's performance objectives determined annually by the Board.

The CEO will:

- (a) Provide vision and leadership for the Corporation.
- (b) Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.

- (c) Execute the corporate strategy to achieve profitable growth and maximize shareholder value for the Corporation's shareholders.
- (d) Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board.
- (e) Challenge management to set and achieve viable annual and long-term strategic and financial goals.
- (f) Monitor the performance of management against a set of initially agreed corporate objectives directed at maximizing shareholder value.
- (g) Recommend appropriate rewards and incentives for management.
- (h) Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives and within executive limitations.
- (i) Report to the board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
- (j) Advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies, or legal and/or regulatory requirements.
- (k) Provide the Board with all information and access that the Board may require in order to make fully-informed decisions.
- (l) Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.

11. ADMINISTRATIVE MATTERS

- (a) The quorum for meetings of the Board shall be a majority. Business may be transacted by the Board at a meeting of its members at which a quorum is present or by a resolution in writing signed by all the members of the Board.
- (b) Members of the Board shall be elected annually by the shareholders.
- (c) The Board may invite such officers and employees of the Corporation and other persons as it may see fit from time to time to attend at meetings of the Board and to assist thereat in the discussion of the matters being considered by the Board.
- (d) The Board shall determine the time and place at which the meetings of the Board shall be held and the procedure for calling and conducting business at such meetings, having regard to the by-laws of the Corporation.

- (e) The members of the Board shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its subsidiaries, and to discuss such books and records as are in any way related to the corporate governance of the Corporation with the officers and employees of the Corporation and its subsidiaries.
- (f) Minutes of Board meetings shall be recorded and maintained, and shall be circulated to the directors and shall be made available at the next meeting of the Board.
- (g) The Board shall annually assess the adequacy of its Charter.
- (h) The Board shall have the authority to:
 - i. to engage independent counsel and other advisers that it determines to be necessary to permit it to carry out its duties; and
 - ii. to set and pay the compensation for any advisers engaged by the Board.