



## Mandate of the Board of Directors

### **Stewardship & Governance of Sage Properties Corp. (the "Corporation")**

- 1) The Board of Directors of the Corporation (the "**Board**") is responsible for:
  - a) Ensuring the Corporation's business and affairs are focused on achieving the Corporation's mandate of maximizing the value of the assets of the Corporation for the benefit of the shareholders of the Corporation;
  - b) Supervising the management of the business and affairs of the Corporation;
  - c) Providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making;
  - d) Ensuring that all major issues affecting the Corporation are given proper consideration;
  - e) Directing management to ensure legal and regulatory requirements application to the Corporation have been met;
  - f) Adopt and monitor compliance with governance policies of the Corporation;
  - g) Take reasonable steps to satisfy itself that each director, the Chief Executive Officer ("**CEO**") and the executive officers are:
    - i) performing their duties ethically;
    - ii) conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the articles, by-laws and other governance policies and mandates adopted by the Board;
    - iii) fostering a culture of integrity throughout the Corporation; and
    - iv) ensure that all new directors receive a comprehensive orientation to fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors) and that all new directors understand the nature and operation of the Corporation's business.

### **Director Obligations**

- 2) Each director, in exercising such director's powers and discharging the director's duties, shall:
  - a) Act honestly and in good faith with a view to the best interests of the Corporation; and
  - b) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **Board Composition**

- 3) The Board will always have District Depositors or District Depositor Nominees (as each of such terms defined in the Corporation's by-laws) representing at least 50% of its directors as defined by the Corporation's by-laws. The Board is required to have a minimum of six (6) directors including the CEO (if the CEO is a director).
- 4) The Board will strive to ensure that all individuals considered for nomination and election to the Board demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Corporation.

### **Board Positions:**

- 5) The Board discharges its governance and compensation oversight responsibilities directly and through board positions. As such the Board shall:
  - a) Unless otherwise determined by the Board, select and appoint board positions on an annual basis, as described in Appendix A and specifically:
    - i) Chair of the Board ("Board Chair");
    - ii) Vice-Chair of the Board ("Vice-Chair");
    - iii) Governance Director;
    - iv) Compensation Director;
  - b) Regularly receive and consider reports and recommendations of each position in particular:
    - i) Governance Director regarding the nomination process and recommendations regarding nominees and candidates for election to the Board and annual board assessment;
    - ii) Compensation Director regarding annual review of Director and CEO compensation and, as determined necessary, the other executive officers of the Corporation.

### **Audit Committee & Financial Management:**

- 6) The Board shall establish an Audit Committee and will:
  - a) Annually select an independent member of the Board to serve as Audit Committee Chair (see Appendix A for position description);
  - b) Appoint directors to serve as members of the Audit Committee with a majority of such directors being independent;
  - c) Annually review and approve the Audit Committee Mandate;
  - d) Regularly receive and consider reports and recommendations of the committee, particularly in respect to the Corporations' annual audit and will review and on the advice of the Audit Committee, approve, prior to their public dissemination:
    - i) interim and annual consolidated financial statements and notes thereto;
    - ii) management's discussion and analysis of financial condition and results of operations;
    - iii) relevant sections of the management information circular containing financial information;
  - e) Approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions.

### **Board Meetings**

- 7) The Board is responsible to:
  - (a) Meet in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board;
  - (b) Hold meetings of the independent directors without management and non-independent directors present.
- 8) Each director is expected to attend all regularly scheduled meetings of the Board and all the committees on which he or she serves and to be prepared for such meetings by reviewing materials provided in advance of meetings.
- 9) The Board shall not transact business at a meeting unless one half (1/2) of the directors present at such meeting are District Depositors or District Depositor Nominees, unless a District Depositor director or District Depositor Nominee director who is unable to be present approves in writing the business transacted at the meeting.

### **Supervision of Management**

10) The Board is responsible to:

- a) Select and appoint the CEO, and with the assistance of the Corporate Governance and Compensation Directors, establish CEO goals and objectives; and
- b) Evaluate CEO performance based on the approved goals and objectives with the assistance of the Compensation Director to determine and approve the CEO compensation based on this evaluation; and
- c) Develop a position description for the CEO which includes delineating management's responsibilities.

11) The Board has the responsibility to:

- a) with the assistance of the CEO, select and appoint executive officers; and
- b) as determined necessary, designate the powers and duties of any executive officer.

### **Strategic Planning**

12) The Board shall:

- a) Adopt a strategic planning process, considering, among other things, the opportunities and risks of the Corporation's business, and regularly monitor the Corporation's performance against its strategic plan;
- b) Approve capital and operating budgets to implement the strategic plan;
- c) Conduct periodic reviews of the Corporation's resources, risks, and regulatory constraints and opportunities to facilitate the strategic plan;
- d) Evaluate management's analysis of the strategies of existing and potential competitors and their impact, if any, on the Corporation's strategic plan.

### **Risk Management**

13) The Board shall:

- a) Adopt a process to identify business risks and ensure appropriate systems to manage risks; and
- b) Together with the Audit Committee, ensure policies and procedures are in place and are effective to maintain the integrity of the Corporation's:
  - i) internal controls over financial reporting; and
  - ii) management information systems.

### **Materials**

14) The Board shall have access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties

### **Advisors**

15) The Board has the power, at the expense of the Corporation, to retain, instruct, compensate, and terminate independent advisors to assist the Board in the discharge of its duties.

### **Standards of Liability**

16) Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of the Committee. The Board may adopt additional policies and procedures as it deems necessary from time to time to fulfill its responsibilities.

## Appendix A: Board positions and duties

Director Title	Areas of responsibility and duties
<b>Chair of the Board</b>	<ul style="list-style-type: none"> <li>(a) Provide leadership to all directors;</li> <li>(b) Manage the affairs of the Board and;</li> <li>(c) Ensure the Board functions effectively in fulfilment of its duties to the Corporation and;</li> <li>(d) Any other duties as outlined the Board Chair position description approved by the Board.</li> </ul>
<b>Vice-Chair of the Board</b>	<ul style="list-style-type: none"> <li>a) Assist the Chair of the Board in the completion of his or her duties and;</li> <li>b) Any other duties as assigned by the Board.</li> </ul>
<b>Governance Director</b>	<p>Provide recommendations to the board for the following:</p> <ul style="list-style-type: none"> <li>a) the annual review and approval of revisions to the Mandate of the Board and the Audit Committee, position descriptions, business conduct and ethics and all other governance policies of the Corporation;</li> <li>b) Set criteria for Board Members, identify individuals qualified to become board members and recommend to the Board the director nominees for the next Annual Meeting of the Shareholders;</li> <li>c) Assess annually the size and performance of the Board as well as the Audit Committee and the contribution of individual directors, and;</li> <li>d) Prepare and regularly review the Board Chair position description with the Board.</li> </ul>
<b>Compensation Director</b>	<ul style="list-style-type: none"> <li>(a) Reviewing and reporting to the Board concerning the overall compensation program and philosophy;</li> <li>(b) Have oversight of director, officer, and employee remuneration and compensation together with oversight of the evaluation of management of the Corporation;</li> <li>(c) Provide recommendations to the board to develop, implement and assess the compensation policies of the Corporation for Directors, CEO, Business Manager &amp; Controller and any other officers of the Corporation that may be appointed from time to time;</li> <li>(d) Administer any incentive plans implemented by the Corporation in accordance with their terms;</li> <li>(e) Reporting to the Board on executive officer compensation on annual basis.</li> </ul>

## Appendix A: Board positions and duties (continued)

Director Title	Areas of responsibility and duties
<b>Audit Committee Chair</b>	<ul style="list-style-type: none"><li>(a) Provide leadership to the committee;</li><li>(b) Manage the affairs of the committee;</li><li>(c) Ensure that the committee functions effectively in fulfilling its duties to the Board and the Corporation;</li><li>(d) Regularly receive and consider reports and recommendations of the Audit Committee with respect to the Corporation's annual audit reports.</li></ul>