



# CHARTER OF THE BOARD OF DIRECTORS OF TAAL DISTRIBUTED INFORMATION TECHNOLOGIES INC.

## GENERAL

### 1. PURPOSE AND RESPONSIBILITY OF THE BOARD

By approving this Charter, the Board explicitly assumes responsibility for the stewardship of TAAL Distributed Information Technologies Inc. (the "**Company**") and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of the Company's business and affairs.

#### 1.1 Responsibilities

A summary of responsibilities for the Board includes and is addressed in this Charter:

- (a) satisfying itself as to the integrity of the CEO, other senior officers and that the CEO and other senior officers created a culture of integrity throughout the organization;
- (b) strategic planning;
- (c) identifying and managing risks;
- (d) succession planning;
- (e) communication policy;
- (f) internal control and management information systems; and
- (g) the Company's approach to corporate governance.

It also recommends that the mandate should set out (i) measures for receiving feedback from security holders and (ii) expectations and responsibilities of directors

(including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials).

## 2. REVIEW OF CHARTER

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate and shall make such changes as it considers necessary or appropriate.

## 3. DEFINITIONS AND INTERPRETATION

### 3.1 Definitions

In this Charter:

- (a) "Audit Committee" means the audit committee of the Board;
- (b) "Compensation Committee" means the compensation committee of the Board;
- (c) "Board" means the board of directors of the Company;
- (d) "CEO" means the Chief Executive Officer of the Company;
- (e) "Chair" means the chair of the Board;
- (f) "Charter" means this charter, as amended from time to time;
- (g) "Company" means TAAL Distributed Information Technologies Inc.;
- (h) "Director" means a member of the Board; and
- (i) "Nominating and Corporate Governance Committee" means the nominating and corporate governance committee of the Board;
- (j) "Stock Exchange" means, the stock exchange on which any securities of the Company are listed for trading at the applicable time.

### 3.2 Interpretation

This Charter is subject to and shall be interpreted in a manner consistent with the articles and by-laws of the Company, the *Business Corporations Act (British Columbia)* (the "**BCBCA**"), and any other applicable legislation.

## CONSTITUTION OF THE BOARD

### 4. ELECTION AND REMOVAL OF DIRECTORS

#### 4.1 Number of Directors

The Board shall consist of such number of Directors as the Board may determine from time to time, within the range set out in the Company's articles of incorporation and the BCBCA at such time.

#### 4.2 Election of Directors

Directors shall be elected by the shareholders annually until the next annual general meeting of the shareholders, but if Directors are not elected at any annual meeting, the incumbent directors shall continue in office until their successors are elected, for a term up to three years.

#### 4.3 Vacancies

The Board may appoint a member to fill a vacancy which occurs in the Board between annual elections of Directors, to the extent permitted by the BCBCA.

#### 4.4 Ceasing to Be a Director

A Director will cease to hold office upon:

- (i) delivering a resignation in writing to the Company (or at such later date as may be specified in the resignation);
- (ii) being removed from office by an ordinary resolution of the shareholders at an annual or special meeting;
- (iii) his or her death; or
- (iv) automatically upon becoming disqualified from acting as a Director.

#### 4.5 Deemed Resignation

A Director shall submit his or her resignation to the Company (which resignation need not be accepted in order to be valid) if that Director changes his or her principal occupation.

### 5. CRITERIA FOR DIRECTORS

#### 5.1 Qualifications of Directors

Every Director shall be an individual who is at least 18 years of age, has not been found by a court to be of unsound mind and does not have the status of bankrupt.

## 5.2 Independence of Directors

At least a majority of the Directors shall be independent for the purposes of all applicable legal and Stock Exchange requirements. The Board must identify and require disclosure of:

- (i) Directors who are independent,
- (ii) Directors who are not independent and the basis for that determination,
- (iii) if a majority of the Directors are not independent, what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities,
- (iv) if a Director is presently a Director of any other reporting issuer, the identity of both the Director and the other reporting issuer, and
- (v) if independent Directors do not hold regularly scheduled meetings at which non-independent Directors and members of management are not present, what the Board does to facilitate open and candid discussion among independent Directors.

## 5.3 Other Criteria

The Board may establish other criteria for Directors as contemplated in this Charter.

## 6. **BOARD CHAIR**

### 6.1 Board to Appoint Chair

The Chair shall be an independent Director, where possible.

### 6.2 Chair to Be Appointed Annually

The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of a Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

### 6.3 Position Description

Having regard to the recommendations of the Nominating and Corporate Governance Committee, the Board shall adopt a position description for the Chair and the chair of each committee of the Board.

7. **REMUNERATION OF DIRECTORS AND RETAINING ADVISORS**

7.1 **Remuneration**

Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Nominating and Corporate Committee of the Board and as addressed in the corporate governance policies.

7.2 **Retaining and Compensating Advisors**

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time as appropriate with the approval of the chair of the Nominating and Corporate Governance Committee.

**MEETINGS OF THE BOARD**

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8.1 **Time and Place of Meetings**

Meetings of the Board shall be called and held in the manner and at the location contemplated in the Company's by-laws.

8.2 **Frequency of Board Meetings**

Subject to the Company's by-laws, the Board shall meet at least four times per year on a quarterly basis.

8.3 **Quorum**

In order to transact business at a meeting of the Board at least a majority of Directors then in office shall be present in person or by means of telecommunications.

8.4 **Secretary of the Meeting**

The Chair shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

8.5 **Right to Vote**

Each member of the Board shall have the right to vote on matters that come before the Board.

## 8.6 Voting

Any matters to be determined by the Board shall be decided by a majority of votes cast at a meeting of the Board called for such purpose. Actions of the Board may be taken by an instrument or instruments in writing signed by all of the members of the Board, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Board called for such purpose.

## 8.7 Invitees

The Board may invite any of the Company's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

## 8.8 Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her services.

## 9. IN CAMERA SESSIONS

### 9.1 In Camera Sessions of Non-Management Directors

In connection with each meeting of the Board, the non-management Directors may meet without any member of management being present (including any Director who is a member of management).

### 9.2 In Camera Sessions of Independent Directors

To the extent that non-management Directors include Directors who are not independent Directors as contemplated in this Charter, the independent Directors may meet at the conclusion of each meeting of the Board with only independent Directors present.

## **DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD**

## 10. DELEGATION AND RELIANCE

### 10.1 Delegation to Committees

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind the Company, except to the extent that such authority has been specifically delegated to such committee by the Board.

## 10.2 Requirement for Certain Committees

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate:

- (a) Audit Committee;
- (b) Nominating and Corporate Governance Committee; and
- (c) Compensation Committee.

## 10.3 Composition of Committees

The Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with listing requirements of the Stock Exchanges and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate and having regard to the recommendations of the Nominating and Corporate Governance Committee with respect to such matters.

## 10.4 Review of Charters

On an annual basis, the Board will review the recommendations of the Nominating and Corporate Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

## 10.5 Delegation to Management

- (a) General. Subject to the Company's articles and by-laws, the Board may designate the offices of the Company, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of the Company, except to the extent that such delegation is prohibited under the BCBCA or limited by the articles or by-laws of the Company or by any resolution of the Board or policy of the Company.
- (b) CEO Position Description. Having regard to recommendations of the Nominating and Corporate Governance Committee, and in consultation with the CEO, the Board shall adopt a position description for the CEO which:
  - (i) defines the limits of management's responsibilities; and
  - (ii) sets out the overall corporate goals and objectives that the CEO is responsible for meeting, taking into consideration goals and

obligations relevant to CEO compensation approved by the Compensation Committee.

#### 10.6 Position Descriptions

Having regard to recommendations of the Nominating and Corporate Governance Committee, the Board shall adopt position descriptions for the chairs of each committee.

#### 10.7 Reliance on Management

The Board is entitled to rely in good faith on the information and advice provided to it by the Company's management.

#### 10.8 Reliance on Others

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

#### 10.9 Oversight

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

### **DUTIES AND RESPONSIBILITIES**

#### **11. DUTIES OF INDIVIDUAL DIRECTORS**

##### 11.1 Fiduciary Duty and Duty of Care

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

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

##### 11.2 Compliance with BCBCA and Constating Documents

A Director shall comply with the BCBCA and the regulations to the BCBCA as well as with the Company's articles and by-laws.



### 11.3 Compliance with the Company's Policies

A Director shall comply with all policies of the Company applicable to members of the Board as approved by the Board.

## 12. **RESPONSIBILITIES OF DIRECTORS**

### 12.1 Responsibilities Set out in Charter

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge its duties and responsibilities as set out in the Charter.

### 12.2 Orientation and Education

A Director shall participate in any orientation and continuing education programs developed by the Company for the Directors.

### 12.3 Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

- (a) review thoroughly the material provided to the Director by management in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director; and
- (b) attend each meeting in person or by phone, teleconference, or video-conference.

### 12.4 Assessment

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

### 12.5 Other Responsibilities

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

## 13. **CORPORATE GOVERNANCE GENERALLY**

### 13.1 Governance Practices and Principles

The Board shall be responsible for developing the Company's approach to corporate governance. The Board may appoint a corporate governance committee to consider these issues.

### 13.2 Governance Principles

- (a) Governance Principles. The Board shall review and approve, if appropriate, a set of governance principles and guidelines appropriate for the Company (the "**Governance Principles**") having regard to the recommendations of the Nominating and Corporate Governance Committee.
- (b) Amendments. The Board shall review the Governance Principles at least annually and shall adopt such changes to the Governance Principles as it considers necessary or desirable from time to time having regard to the recommendations of the Nominating and Corporate Governance Committee.

### 13.3 Governance Disclosure

- (a) Approval of Disclosure. The Board shall approve disclosure about the Company's governance practices in any document before it is delivered to the Company's shareholders or filed with securities regulators or with the Stock Exchanges having regard to the recommendations of the Nominating and Corporate Governance Committee.
- (b) Determination that Differences Are Appropriate. If the Company's governance practices differ from those recommended by Canadian securities regulators or the Stock Exchanges, the Board shall consider these differences and why the Board considers them to be appropriate having regard to the recommendations of the Nominating and Corporate Governance Committee.

### 13.4 Certification

The Board shall review and approve before it is filed each certification required to be delivered by the Company's CEO and/or CFO to any Stock Exchange with respect to the Company's compliance with the corporate governance provisions of its listing agreement.

### 13.5 Delegation to Nominating and Corporate Governance Committee

The Board may direct the Nominating and Corporate Governance Committee to consider the matters contemplated in this Section 13 and to report and make recommendations to the Board with respect to these matters.

## 14. RESPONSIBILITIES RELATING TO MANAGEMENT

### 14.1 Integrity of Management

The Board shall, to the extent feasible, satisfy itself:

- (a) as to the integrity of the CEO and other executive officers; and

- (b) that the CEO and other executive officers create a culture of integrity throughout the organization.

#### 14.2 Succession Planning

- (a) General. The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.
- (b) CEO Succession. Having regard to the recommendations of the Nominating and Corporate Governance Committee, the Board shall:
  - (i) adopt policies and principles for CEO selection and performance review with respect to patented successors to the CEO; and
  - (ii) policies regarding succession in the event of an emergency or the retirement of the CEO.

#### 14.3 CEO Goals and Objectives

The Board shall receive recommendations of the Compensation Committee and with respect to the company goals and objectives that the CEO is responsible for meeting and shall approve those goals and objectives as appropriate.

#### 14.4 Executive Compensation Policy

The Board shall receive recommendations of the Compensation Committee and make such determinations as it considers appropriate with respect to:

- (a) CEO's compensation level;
- (b) non-CEO officer compensation;
- (c) director compensation;
- (d) incentive-compensation plans;
- (e) equity-based plans; and
- (f) policies relating to the determination and payment of bonuses.

### 15. OVERSIGHT OF THE OPERATION OF THE BUSINESS

#### 15.1 Risk Management

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of the Company's business and satisfy itself as to the implementation of appropriate systems to manage these risks. The Board shall review a risk assessment provided by management at least

annually, which should include all risks which may be required by the prospectus disclosure, annual information form for the Stock Exchanges, management discussion & analysis, and any other related or appropriate disclosure document.

#### 15.2 Strategic Planning Process

The Board shall adopt a strategic planning process and shall approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business.

#### 15.3 Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit Committee concerning the integrity of the Company's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee as appropriate) to implement changes to such systems to ensure the integrity of such systems.

#### 15.4 Disclosure Policy and Feedback Process

- (a) The Board shall adopt a disclosure policy for the Company for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public, having regard to the recommendations of the Nominating and Corporate Governance Committee and the Disclosure Committee. Such policy shall be developed with reference to the requirements and recommendations of applicable securities laws and the Stock Exchanges. The Board shall consider, among other things, the recommendations of management and the Nominating and Corporate Governance Committee and the Disclosure Committee (if any) with respect to this policy.
- (b) The Board shall establish a process pursuant to which the Board can receive feedback from securityholders.

#### 15.5 Financial Statements

- (a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of the Company's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.
- (b) The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of the Company to be delivered to shareholders. If appropriate, the Board shall approve such annual financial statements.

## 15.6 Capital Management

The Board shall receive regular reports from management on the structure and management of the Company's capital.

## 15.7 Code of Business Conduct and Ethics

- (a) Adoption of Code of Business Conduct and Ethics. The Board will adopt a Code of Business Conduct and Ethics for the Company having regard to the recommendations of the Nominating and Corporate Governance Committee. In adopting this code, the Board will consider the recommendations of the Nominating and Corporate Governance Committee concerning its compliance with applicable legal and the Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate.
- (b) Compliance and Disclosure. The Board will direct the Nominating and Corporate Governance Committee to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board will consider any report of the Nominating and Corporate Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics.
- (c) Waivers. The Board shall consider any report of the Nominating and Corporate Governance Committee with respect to any waiver granted to a director or senior officer of the Company from complying with the Code of Business Conduct and Ethics and shall approve or reject such request as it deems appropriate.

## 16. NOMINATION OF DIRECTORS

### 16.1 Nomination and Appointment of Directors

- (a) The Board shall nominate individuals for election as directors by the shareholders, having regard to the recommendations of the Nominating and Corporate Governance Committee.
- (b) The Board shall adopt a process (having regard to the recommendations of the Nominating and Corporate Governance Committee) pursuant to which the Board shall:
  - (i) consider what competencies and skills the Board, as a whole, should possess;
  - (ii) assess what competencies and skills each existing Director possesses;

- (iii) consider the personality and other qualities of each Director; and
- (iv) consider the appropriate size of the Board, with a view to facilitating effective decision-making.

## 17. **BOARD EFFECTIVENESS**

### 17.1 Position Descriptions

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning formal position descriptions for:

- (a) the Chair, the lead director (if any) and for the chair of each committee of the Board; and
- (b) the CEO; and
- (c) any senior officers reporting directly to the CEO or the President.

### 17.2 Director Orientation and Continuing Education

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning:

- (a) a comprehensive orientation program for new Directors; and
- (b) a continuing education program for all Directors.

### 17.3 Board, Committee and Director Assessments

The Board shall adopt a process having regard to the recommendation of the Nominating and Corporate Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

### 17.4 Annual Assessment of the Board

Each year, the Board shall assess its performance and effectiveness and review this Charter in accordance with the process established by the Nominating and Corporate Governance Committee.

**Approved and adopted by the Board of Directors on December 9, 2019.**