

GENNUM CORPORATION CORPORATE GOVERNANCE

BOARD OF DIRECTORS

MANDATE:

The Board of Directors is responsible for the stewardship of the Corporation, and ensuring that the Company is appropriately meeting the needs of all of its stakeholders so that long-term value to its shareholders is achieved.

BOARD COMPOSITION:

The Board of Directors of Genum Corporation shall be comprised of seven or more directors, the specific number to be set from time to time by the Board within the minimum and maximum numbers approved by the shareholders. The directors shall be elected by the shareholders, except as permitted by the Ontario Business Corporations Act.

A majority of the members of the Board shall be independent and unrelated, free from any direct or indirect relationship that, in the opinion of the Board, interferes with the exercise of a director's independent judgement. The Board shall annually, in consultation with the Corporate Governance Committee and in connection with the Company's annual disclosure regarding corporate governance, determine which directors are "unrelated" and "independent" and provide a summary of the analysis supporting the conclusion. In making such determination of independence, the Board shall take into account any rules or guidance provided by the applicable securities regulators and stock exchanges.

Where a vacancy arises on the Board, the Board shall determine the appropriate person to fill such vacancy, taking into account the recommendations of the Corporate Governance Committee. Alternatively, where such vacancy results from the resignation or departure of a Board member, the Board may decide to reduce the size of the Board.

The Board appoints all the corporate officers including the Chairman and the Corporate Secretary. The Chairman shall be designated from among the members of the Board, and shall be independent and unrelated.

MEETINGS AND BOARD PROCESS:

The Board shall meet at least five times per year, once after each quarter and once to deal with the annual business plan. In addition, the Board will meet more frequently as circumstances dictate.

Board meetings will provide, or allow for, independent discussions and input from all Board members.

Board and Board Committee liaison with the Company will be principally through the President and Chief Executive Officer, and through the General Counsel and Corporate Secretary. Assistance will be available from the Manager of Corporate Services.

The Board may, from time to time, delegate or assign specific duties, tasks or authority to individuals or committees.

- To assist the Board with respect to board membership, structure, organization and compensation, and to assist the Board in developing appropriate systems and procedures to enable the Board to exercise and discharge its responsibilities, a Corporate Governance Committee has been established.
- To assist the Board with respect to matters relating to financial reporting and financial controls, the external auditor, financial and other risk, and compliance with corporate statutes, an Audit Committee, has been established.
- To assist the Board with respect to matters relating to organizational structure, management development, succession planning, compensation design, and performance evaluation, a Human Resources Committee has been established.

Each of the Committees shall operate under a written Mandate and Responsibilities document approved by the Board. The three standing Committees of the Board shall be comprised solely of non-management and unrelated directors.

The Board has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the books, records, facilities and personnel of the organization. The Board has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

PRIME RESPONSIBILITIES:

Stewardship. The adoption of a strategic planning process that ensures long term goals and strategies are in place and management's performance in implementing the strategies is being monitored.

The management of risk and exposure by understanding the business of the Company and ensuring that systems are in place that effectively monitor and manage those risks as they may impact on the long-term viability of the Company.

Ensure management of the highest calibre is appointed, trained and assessed and that an adequate succession plan is in place.

Ensure the Company communicates in a timely, reliable and effective manner with its shareholders, other stakeholders and the public generally.

Ensure the integrity and effectiveness of corporate internal control and management information systems.

Board Constitution: Consider and determine the most appropriate and effective board for Genum Corporation while taking into consideration member relationships, independence, size and the issue of director liability.

Consider and implement a process for nominating, orienting, assessing and remunerating board members.

Board Organization: Consider and determine the position, responsibilities, appointment, assessment and remuneration of the Chairman.

With a view to board duties, responsibilities and composition consider the regulatory and discretionary committees required.

Consider and determine the working formats and processes under which the Board and Committees will operate.

Code of Conduct: Consider and monitor corporate ethics and policy as developed by management, in order to ensure the Company's business is conducted in accordance with high ethical standards and in compliance with applicable laws and regulations.

SPECIFIC FUNCTIONS, RESPONSIBILITIES AND DUTIES:

Board Operation

- (1) Maintain an awareness of the overall responsibilities and functions of a Board of Directors.
- (2) Review and reassess the adequacy of this Mandate at least annually and submit any recommended changes in the Mandate to the Corporate Governance Committee of the Board.
- (3) Annually assess the effectiveness of the Board against its Mandate.
- (4) Evaluate the effectiveness of the Board as a whole and ensure that appropriate succession plans are in place.
- (5) Review and approve the reports and/or minutes of the Committees.
- (6) Evaluate the areas of exposure to corporate, director and officer liability and consider minimizing the risks.

Shareholder Interests

- (7) Refer to the shareholders all matters requiring their approval.

- (8) Consider the best interest of other stakeholders generally.

Operational Matters

- (9) Appoints officers and approve their compensation. The responsibility to recommend annual compensation for officers other than the President and Chief Executive Officer for Board approval is delegated to the Human Resource Committee.
- (10) Ensure that a proper strategic planning process is employed by the Company.
- (11) Review and approve corporate goals, objectives, strategies, business plans and performance on an annual basis. Ensure that there is a balance between long and short-term goals as well as long and short-term risk.
- (12) Review performance relative to the Business Plan on at least an annual basis.
- (13) Review and approve the investment in and allocation of all human and capital resources.
- (14) Review and approve all business acquisitions, joint ventures, divestitures and dividend payments.
- (15) Review and approve the capital expenditure procedure and those requests that exceed management's approval limit thereunder.
- (16) Review and approve company banking resolutions.
- (17) Review and approve any changes in the issued shares.

Financial and Public Reporting:

- (18) Review accounting policies, internal control and audit procedures.
- (20) Review and approve the information circular for the annual meeting of shareholders.
- (21) Review and approve the annual report to shareholders, including the audited consolidated financial statements and related notes and Management's Discussion and Analysis statements. The responsibility for reviewing and approving the unaudited and consolidated quarterly results and related notes and Management's Discussion and Analysis statements is delegated to the Audit Committee.
- (22) Recommend the appointment of auditors to the shareholders and affix their remuneration as directed by the shareholders. The approval of audit fees is delegated to the Audit Committee.

General

(23) Provide advice to management.

(24) As the sole shareholder of the wholly-owned subsidiaries, the Board of Directors shall review and approve the following matters on an annual basis:

- financial statements;
- appointment of auditors;
- confirmation of acts; and
- election of directors.

The Board shall also undertake any other task assigned by operation of law from time to time.