

BRAMPTON BRICK LIMITED

CHARTER OF THE BOARD OF DIRECTORS

I. PURPOSE

This Charter has been adopted by the Board of Directors (the “Board”) of Brampton Brick Limited (the “Company”). The Board is responsible for the stewardship of 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 supervise the management of the business and affairs of the Company.

II. COMPOSITION OF THE BOARD OF DIRECTORS

2.1 ELECTION AND REMOVAL OF DIRECTORS

a) Number of Directors

The Board shall consist of such number of Directors as the shareholders (or the Board as authorized by the shareholders) may determine from time to time, within any range as may be set out in the Company’s articles at such time. Currently, the articles of the Company provide for a minimum of three (3) and a maximum of (20).

b) Election of Directors

Directors shall be elected by the shareholders at every annual shareholders’ meeting, for a one year term. The term of office of each Director shall expire at the close of the annual shareholders’ meeting following that at which the Director was elected.

c) 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 *Ontario Business Corporations Act*.

d) Ceasing to be a Director

A Director will cease to hold office upon:

- i. delivering a resignation in writing to the Company;
- ii. being removed from office by an ordinary resolution of the shareholders;
- iii. his or her death; or
- iv. becoming disqualified from acting as a Director under the *Ontario Business Corporations Act*.

2.2 CRITERIA FOR DIRECTOR NOMINATIONS

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors shall be selected based upon contributions they can make. Directors shall plan to make a significant time commitment to the Company. The Board may establish other criteria for Directors as contemplated in this Charter.

a) Qualifications of Directors

Every Director shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt. Each Director shall have demonstrated the highest personal and professional integrity; significant achievement in his or her field; experience and expertise relevant to the Company's business; a reputation for sound business judgment; the commitment to devote the necessary time and effort to carry out his or her duties effectively; and, where required, financial literacy.

b) Residency

A majority of the Directors shall be resident Canadians.

c) Independence of Directors

- i. The composition of the Board shall comply with all statutory and regulatory requirements to which the Company is subject.
- ii. A majority of the Company's directors shall be independent as "independence" is defined for purposes of Board composition under applicable guidelines of the Canadian Securities Administrators.

2.3 BOARD CHAIRMAN

a) Board to Appoint Chairman

The Chairman shall be an independent Director, unless the Board should otherwise determine. If the Chairman is either a member of management of the Company, or is not independent of management of the Company, then the Board will appoint an independent member of the Board as Lead Director.

2.4 REMUNERATION OF DIRECTORS AND RETAINING ADVISORS

a) Remuneration

Members of the Board shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Compensation Committee of the Board.

b) 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, and upon prior approval of the Board.

III. MEETINGS OF THE BOARD

a) Time and Place of Meetings

Meetings of the Board shall be called and held at a time and place determined by the Board. If all the Directors present at or participating in a meeting consent, a Director may participate in a

meeting of the Board or of a committee of the Board by telephone. Notice of the time and place of each meeting of the Board shall be provided to each director not less than 48 hours before the time when the meeting is to be held

b) Frequency of Board Meetings

The Board shall meet at least once in each financial quarter, with additional meetings scheduled as required.

c) Meeting Agendas

The Chairman shall approve the agenda in advance of each Board meeting. Any director may request items to be included on the agenda for a meeting. All agendas and meeting materials are to be distributed to directors sufficiently in advance of meetings to permit directors to properly review and consider such materials.

d) Quorum

In order to transact business at a meeting of the Board:

- i) at least two-fifths of the number of Directors then in office shall be present; and
- ii) at least a majority of the Directors present must be resident Canadians (or, if this is not the case, a resident Canadian Director who is unable to be present and whose presence at the meeting would have resulted in the required number of resident Canadian Directors being present, must approve the business transacted at the meeting, whether in writing, by phone or otherwise).

e) Secretary of the Meeting and Minutes

The Chairman 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. Minutes of Board meetings shall be recorded and maintained by the Secretary and subsequently presented to the Board for approval.

f) Right to Vote

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

From time to time, matters may come before the Board where a Director may have a conflict of interest. If and when such matters arise, that Director shall declare himself as having a conflict of interest and will not participate in the discussions and any vote on that matter.

g) 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.

h) Meeting of Non-Management Directors

At each meeting of the Board, the Directors may request time for independent discussion without management present, (including any Director who is a member of management).

i) Meeting of Independent Directors

At each meeting of the Board, the Directors may request time for independent discussion without any member of management or any non-independent Director being present.

IV. DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD

4.1 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 expressly delegated to such committee by the Board.

a) Requirement for Certain Committees

The Board has constituted two committees: an Audit Committee and a Compensation Committee. The purpose, duties and responsibilities of each committee are described in the respective committee charters. The Board has also established, where desirable, a position description for the Chairman of each committee.

From time to time, the Board may establish special committees to review and make recommendations on special matters. Where appropriate such special committees will be composed entirely of independent and unrelated directors of the Company.

b) 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 stock exchange listing requirements and with recommendations of relevant securities regulatory authorities to which the Company is subject.

c) Committee Agendas

The Chairman of each committee, in consultation with the Chairman of the Board and the appropriate senior executives, develops the agenda for committee meetings.

d) Committee Report to the Board

Following each committee meeting, the committee chair reports to the Board on committee activities at the next Board meeting.

4.2 DELEGATION TO MANAGEMENT

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 *Ontario Business Corporations Act* or limited by the articles or by-laws of the Company or by any resolution of the Board or policy of Company.

a) Limitations on Management Authority

The following matters shall require the approval of the Board (or the approval of a committee to which it has delegated authority with respect to such matters):

- i) all decisions which are outside of the ordinary course of the Company's business (including, without limitation, litigation strategies, major financing, major acquisitions, investments and divestitures);
- ii) appointment and termination of the Chief Financial Officer (CFO) and appointment of other executive officers; and

- iii) such other matters as the Board may determine from time to time.
- b) **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.
- c) **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.
- d) **Oversight**
The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

V. DUTIES AND RESPONSIBILITIES OF DIRECTORS

5.1 INDIVIDUAL DIRECTORS

The Board of Directors acts collectively and exercises its powers and responsibilities as a group. No individual Director has the power to act on his or her own. As a member of the Board, each Director will fulfill the legal requirements and obligations of a Director, which include:

- a) **Fiduciary Duty and Duty of Care**
In exercising his or her powers and discharging his or her responsibilities, a Director shall:
 - i. act honestly and in good faith with a view to the best interests of the Company; and
 - ii. exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- b) **Compliance with Ontario Business Corporations Act (OBCA) and Constatng Documents**
A Director shall comply with the *OBCA* and the regulations to the *OBCA* as well as with the Company's articles and by-laws.
- c) **Compliance with Company's Policies**
A Director shall comply with all policies of the Company applicable to members of the Board, as approved by the Board.
- d) **Orientation and Education**
To ensure that a Director's understanding of the Company's business and regulatory environment remains current:
 - i) New Directors shall participate in orientation program provided by the Company and in a formal education program, if appropriate, depending on prior experience or expertise; and

- ii) Existing Directors shall review and understand materials and information provided by the Company and/or legal counsel and participate in a formal education program, if requested.

e) 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:

- i. review thoroughly the material provided to the Director 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;
- ii. attend all Board and Committee meetings and actively participate in deliberations and decisions. Inform themselves of significant matters dealt with at meetings not attended; and
- iii. Maintain the confidentiality of Company information and Board deliberations.

f) Annual Assessment

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

g) Change of Employment Notification

A Director shall promptly notify the Board of any change in the Member's employer or employment status to ensure that the impact on the Board, and its ability to fulfill its role, can be evaluated by the Board.

5.2 RESPONSIBILITIES RELATING TO MANAGEMENT

a) Integrity of Management

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

- i. as to the integrity of the Chief Executive Officer (CEO) and other executive officers; and
- ii. that the CEO and other executive officers create a culture of integrity throughout the organization.

b) Succession Planning and Evaluation of Management Performance

The Board shall be responsible for succession planning, including the appointment and termination of the CEO and CFO and approving the appointment of other executive officers.

The Board shall establish annual performance expectations and corporate goals and objectives for the CEO and other executive officers and monitor progress against those expectations.

c) Executive Compensation Policy

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

- i. CEO's compensation level;
- ii. compensation of senior executives reporting directly to the CEO;
- iii. employment contracts or contractual agreements between the Company and the CEO or any senior executive.
- iv. incentive-based compensation plans; and
- v. equity-based compensation plans.

5.3 OVERSIGHT OF THE OPERATIONS OF THE BUSINESS

a) 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.

b) General Strategic Direction and Significant Initiatives

- i. Reviewing and assessing the operations of the Company with a view to ensuring the best performance is achieved;
- ii. Reviewing and approving major development activities of the Company, including, major acquisitions, investments and divestitures outside the ordinary course of business;
- iii. Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- iv. Approving operating and capital budgets;
- v. Reviewing and approving the dividend policy and declaration of dividends; and
- vi. Reviewing and approving major financing and any offering of securities of the Company.

c) 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) to implement changes to such systems to ensure integrity of such systems.

d) Communications and Public Disclosures

The Board shall review with management from time to time the Company's procedures for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public and satisfy itself that

appropriate procedures are in place or recommend changes where desirable.

Taking into account the recommendations of the Audit Committee, where applicable, the Board shall review and approve:

- i) quarterly and annual financial statements and accompanying management's discussion and analysis;
 - ii) annual information form;
 - iii) annual and quarterly financial press releases;
 - iv) management information circular;
 - v) notices of shareholders' meetings;
 - vi) any prospectus or other offering document; and
 - vii) other press releases dealing with material matters.
- e) **Other**
The Board shall:
- i) satisfy itself from time to time that the Company's operations are in compliance, in all material respects, with applicable laws and regulations; and
 - ii) review and approve the compensation of the external auditor, taking into account recommendations of the Audit Committee.

V1. NOMINATION OF DIRECTORS

The Board shall, prior to annually nominating individuals for election as Directors of the Company:

- 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 annually the appropriate size of the Board with a view to facilitating effective decision-making; and
- iv) consider the rights of certain shareholders under the *Amended and Restated Shareholders' Agreement*.

V11. GOVERNANCE

The Board is responsible for overseeing the Company's corporate governance policies and

practices and in fulfilling this responsibility shall:

- a) **Position Descriptions**
Develop formal position descriptions for the Chairman of the Board, the Lead Director, the Chairman of each committee of the Board, and the CEO;
- b) **Director Orientation and Continuing Education**
Establish the process for the orientation and education of new Directors and continuing education program for existing Directors;
- c) **Board, Committee and Director Annual Assessments**
Undertake a regular evaluation of the Board, its Committees and individual Directors, and review the composition of the Board and its Committees with a view to the effectiveness, contribution and independence of the Board and its members; and
- d) **Code of Ethics**
Promote a culture of integrity and, to that effect, review, from time to time, the code of business conduct applicable to Directors, officers, and employees and monitor compliance therewith, with the understanding that waivers from the code can only be granted by the Board.

V11L. REVIEW AND REVISION OF CHARTER

The Board shall from time to time review and amend this Charter in such manner as the Board considers necessary or appropriate.

1X. SHAREHOLDER COMMUNICATIONS

The Board may, from time to time, establish procedures for receiving feedback from shareholders or other stakeholders. The Lead Director shall act as the contact point for any such communication.

X. INTERPRETATION

The provisions of this Charter are subject to the provisions of the articles and by-laws of the Company and to the applicable provisions of the *Ontario Business Corporations Act* and any other applicable legislation.