
1. INTERPRETATION AND OBJECTIVES

This Charter must be interpreted and applied jointly with the other charters and governance policies adopted by the Board.

This Charter sets forth the fundamental principles endorsed by the board of directors (the "Board") of TSO₃ (the "Corporation") which must take precedence in determining the formation and functioning of the corporate governance and nominating committee (the "Committee").

2. MANDATE

The Committee is responsible for developing the Corporation's approach to Board governance issues and its response to regulatory standards and corporate governance guidelines in the adoption, application and disclosure of its corporate governance rules. It oversees the orientation program for new directors and helps to maintain an effective working relationship between the Board and the management.

The Committee shall recommend the size of the Board and adopt a process for determining the criteria for the composition of the Board according to its needs. It shall also adopt a process for evaluating the various Board members holding office and candidates to be recommended to the Board for election as directors by the shareholders.

3. COMPOSITION

3.1 The Committee shall consist of at least three (3) members of the Board who are independent directors within the meaning of *Regulation 52-110 respecting Audit Committees* of the Canadian Securities Administrators.

3.2 The members shall be appointed and removed by the Board.

3.3 The members shall be appointed annually by the Board after the annual meeting of the shareholders of the Corporation.

4. QUORUM

- 4.1 A quorum is obtained by the presence at the meeting of a majority of the members of the Committee.
 - 4.2 There must be a quorum for the entire duration of the meeting to enable the Committee members to validly deliberate and make a decision. However, where a member is temporarily absent from a Committee meeting, he or she is deemed to be present for purposes of establishing a quorum.
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5. MEETINGS

- 5.1 Meetings of the Committee shall be held at the call of the chair at least twice (2) per year. Meetings may be called by the Committee chair or the chair of the Board; such notice may also occasionally be made to meet a special request of the management
 - 5.2 The notice of meeting for each meeting shall be delivered to each member at least two (2) days before the meeting is held. A copy thereof shall be sent to the chief executive officer.
 - 5.3 The Chair must ensure that minutes are kept for each committee meeting.
 - 5.4 That Chair of a Committee shall draw up the agenda, shall chair the meetings, and shall submit the reports and recommendations to the Board.
 - 5.5 Meetings are held either in the presence of the members, by telephone conference call, or by written resolution signed by all of the Committee members.
 - 5.6 The Committee has the duty and authority to appoint paid external advisors where necessary and, if costs exceed \$3,000.00 the approval of the Chairman of the Board shall be necessary.
 - 5.7 The Committee may, if necessary, invite any person to attend any meeting and participate in the discussions and review of the Committee's business. The CEO and/or the CFO are automatically invited to attend all meetings and they should withdraw when there is a conflict of interest or an appearance of a conflict of interest.
 - 5.8 The minutes of every Committee meeting, duly reviewed by the Committee chair and approved by the Committee, shall be kept in a special register maintained for this purpose at the Corporation's head office.
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- 5.9 Once approved, the minutes of every Committee meeting shall be summarized by the Committee chair at a subsequent meeting of the Board.
- 5.10 The Committee members are entitled to receive compensation, as determined by the Board.

6. ROLE AND RESPONSIBILITIES

- 6.1 The mandate of the Committee is to examine the criteria for determining the composition of the Board and committees of the Board.
- 6.2 The Committee is responsible for the description of the functions and responsibilities of the chair of the Board.
- 6.3 The Committee shall examine the criteria governing the mandates of the directors both as members of the Board and members of the various committees of the Board.
- 6.4 The Committee jointly with the Chairman of the Board shall recommend candidates to be elected as directors by the shareholders at the annual shareholders' meetings.
- 6.5 The Committee, jointly with the chair of the Board, shall recommend candidates to the Board as members and chairs of the various committees.
- 6.6 Upon the occurrence of exceptional circumstances involving a director, the Committee shall recommend the removal of such director to the Board.
- 6.7 The Committee shall recommend the level and form of the directors' compensation.
- 6.8 The Committee ensures that a harmonious relationship is maintained between the Board and the management.
- 6.9 The Committee shall ensure that the Board can function independently of management. To do so, it shall ensure that the independent directors hold periodic meetings in the absence of the officers of the Corporation. The chair of the Board shall chair these meetings.
- 6.10 The Committee shall ensure that the management makes an accurate assessment of the risks associated with the business of the Corporation and each of its departments. In addition, it shall ensure that the management and the Board have a clear understanding of such risks and that they manage them appropriately. Finally, it shall

ensure that the data, information and controls relating to risk are effectively addressed by the management under the guidance of the audit committee.

- 6.11 The Committee shall develop the appropriate corporate governance practices for the Corporation, control them and supervise the disclosure thereof.
- 6.12 The Committee shall set up an orientation and training program for the new members of the Board.
- 6.13 The Committee is responsible for the compliance with the code of ethics adopted by the Board by the entire Corporation.
- 6.14 The Committee shall set up a mechanism for the resolution of conflicts of interest and for breaches of the code of ethics adopted by the Board.
- 6.15 The Committee shall ensure that the management implements and maintains a process for verifying compliance with the code of ethics approved by the Board.
- 6.16 The Committee shall develop and propose the adoption of a process for evaluating the effectiveness and performance of the Board in which all Board members shall participate. It shall also annually evaluate the effectiveness and contribution of the directors based on expectations.
- 6.17 The Committee shall develop and propose the adoption of a process for reviewing the qualifications required for the position of director of the Corporation, according to the needs and evolution of the Corporation.
- 6.18 The Committee shall ensure that the procedures established by the Board for the disclosure of information to the public concerning the Corporation are appropriate and properly applied at the time of such disclosure.
- 6.19 The Committee shall examine the proposals submitted by the shareholders to the Board and make appropriate recommendations.

7. MISCELLEANOUS

- 7.1 The Committee shall conduct regular evaluations of its own performance and effectiveness.
- 7.2 The Committee shall periodically review and evaluate the relevance of this Charter and recommend any appropriate changes to the Board.
- 7.3 The Committee shall exercise any other functions entrusted to it by the Board and make appropriate recommendations.