



## TIMMINCO LIMITED

### CHARTER OF THE BOARD OF DIRECTORS

#### **I. PURPOSE**

The purpose of this Charter of the Board of Directors (the “**Charter**”) of Timminco Limited (the “**Corporation**”) is to provide guidance to members of the Board of Directors as to their duties and responsibilities. The power and authority of the Board of Directors is subject to the provisions of applicable law.

The Board of Directors is responsible for the stewardship of the Corporation. This requires the Board to oversee the conduct of the business and affairs of the Corporation. The Board of Directors discharges some of its responsibilities directly and discharges others through committees of the Board of Directors. The Board of Directors is not responsible for the day-to-day management and operation of the Corporation’s business, as this responsibility has been delegated to management. The Board of Directors is, however, responsible for supervising the Corporation’s management in carrying out this responsibility.

#### **II. MEMBERSHIP**

The Board of Directors generally consists of directors elected by the shareholders as provided for in the Corporation’s constating documents and in accordance with applicable law. From time to time, the Corporate Governance and Nominating Committee of the Board of Directors shall review the size of the Board of Directors to ensure that its size facilitates effective decision-making by the Board of Directors in the fulfilment of its responsibilities.

Each member of the Board of Directors must act honestly and in good faith with a view to the best interests of the Corporation, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Each director is responsible for the matters under “Role and Responsibilities of the Board of Directors” below, as well as for other duties as they arise in the director’s role or as may be required by applicable law.

All members of the Board of Directors shall have suitable experience and skills given the nature of the Corporation and its businesses and have a proven record of sound judgment. Directors are to possess characteristics and traits that reflect:

- high ethical standards and integrity in their personal and professional dealings;
- the ability to provide thoughtful and experienced counsel on a broad range of issues and to develop a depth of knowledge of the Corporation’s businesses in order to understand and assess the assumptions on which the Company’s strategic and business plans are based and to form an independent judgment with respect to the appropriateness and probability of achieving such plans;
- the ability to monitor and evaluate the financial performance of the Corporation;
- an appreciation of the value of team performance over individual performance, and a respect for others;

- an openness for the opinions of others and the willingness to listen, as well as the ability to communicate effectively and to raise tough questions in a manner that encourages open and frank discussion.

Directors are expected to commit the time and resources necessary to properly carry out their duties. Among other matters, directors are expected to adequately prepare for and attend all regularly scheduled Board of Directors meetings. All directors are expected to understand fully the role of the Board of Directors, the role of the committees of the Board of Directors and the contribution individual directors are expected to make.

### **III. ETHICS**

Members of the Board of Directors shall carry out their responsibilities objectively, honestly and in good faith with a view to the best interests of the Corporation. Directors are expected to conduct themselves according to the highest standards of personal and professional integrity. Directors are also expected to set the standard for company-wide ethical conduct and ensure ethical behaviour and compliance with laws and regulations.

If an actual or potential conflict of interest arises, a director shall promptly inform the Chairman of the Board or the Chair of the Corporate Governance and Nominating Committee of the Board of Directors and shall refrain from voting or participating in discussion of the matter in respect of which he has an actual or potential conflict of interest, or declare his or her interest in such matter before voting, in each case in accordance with applicable laws. If a conflict of interest exists that may prevent the director from carrying out his or her duties and responsibilities, the director should resign.

Directors are expected to act in accordance with applicable law and the Corporation's Articles and By-laws. Directors shall also comply with the Corporation's Code of Conduct and Ethics.

The Board of Directors is responsible for granting any waivers under the Corporation's Code of Conduct and Ethics for directors and officers, where appropriate.

### **IV. MEETINGS**

The Board of Directors shall meet in accordance with a schedule established each year, and at such other times as may be required by applicable law or as the Board of Directors may determine. Meeting agendas shall be developed in consultation with the Chairman of the Board. Directors may propose agenda items through communication with the Chairman of the Board. The Chairman of the Board is responsible for ensuring that a suitably comprehensive information package is sent to each director in advance of each meeting. At the discretion of the Board of Directors, members of management and others may attend Board of Directors meetings, except for separate meetings of the independent members of the Board of Directors.

Directors are expected to be fully prepared for each Board of Directors meeting, which requires them, at a minimum, to have read the material provided to them prior to the meeting. Each director is expected to take an active role in discussion and decision-making at such meetings. To facilitate this, the Chairman of the Board and the Lead Director (as hereinafter defined) are responsible for fostering an atmosphere conducive to open discussion and debate.

Independent members of the Board of Directors shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings.

V. **ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Board of Directors is responsible for setting the Corporation's goals, objectives and strategies. The Board of Directors shall adopt a strategic planning process and approve and review, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business. The Board of Directors is also responsible for identifying the principal risks of the Corporation's businesses and overseeing the implementation of appropriate risk assessment systems to manage these risks.

In addition to the other matters provided in the Charter, the Board of Directors is also responsible for the following specific matters:

- reviewing and approving management's strategic plans;
- reviewing and approving the Corporation's financial objectives, business plans and budgets, including capital allocations and expenditures;
- monitoring corporate performance against the strategic plans and business, operating and capital budgets;
- management succession planning, including appointing, training and monitoring senior management and, in particular, the Chief Executive Officer of the Corporation;
- providing that an appropriate portion of executive management's compensation is tied to both short-term and longer-term performance of the Corporation;
- monitoring the integrity of the Corporation's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems;
- approving all acquisitions and divestitures of business operations, strategic investments and alliances, major business development initiatives and any significant unbudgeted expenditure;
- the Corporation's communication policies, which: (a) address how the Corporation interacts with analysts, investors, other key stakeholders and the public; and (b) contain measures for the Corporation to comply with its continuous and timely disclosure obligations and to avoid selective disclosure and insider trading;
- developing the Corporation's corporate governance approach, principles and guidelines;
- assessing its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual directors;
- monitoring compliance with the Corporation's Code of Conduct and Ethics.

Each director has an important and positive role as a representative of the Corporation. Each director is also expected to participate in outside activities that enhance the Corporation's image to investors, employees, customers and the public.

## **VI. ROLE AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD**

It is the view of the Board of Directors that there should be a separation of the offices of the Chairman of the Board and the Chief Executive Officer of the Corporation, and that the Chairman of the Board should be independent. Where there is such a separation, the Chairman of the Board and the Chief Executive Officer of the Corporation are expected to be in regular communications during the course of the year, including with respect to the Corporation's businesses and the responsibilities of the Board of Directors.

The principal responsibilities of the Chair of the Board shall be to oversee, manage and assist the Board in fulfilling its duties and responsibilities as a Board in an effective manner independently of management. The Chair shall be responsible, among other things:

- to chair Board meetings and annual and special meetings of shareholders;
- to organize an appropriate annual work plan and regularly scheduled meetings for the Board of Directors;
- to participate in the preparation of the agenda for each meeting of the Board of Directors;
- to monitor the work of the committees of the Board of Directors and in that connection the Chairman of the Board will receive written notices of committee meetings and may attend, as a non-voting participant (other than those on which he otherwise sits), all committee meetings, unless the chair of the relevant committee determines that would be inappropriate to do so (whether due to conflicts of interest, committee independence or otherwise);
- to arrange for an appropriate information package to be provided on a timely basis to each director in advance of the meeting;
- to assist in the Board of Directors' evaluation and self-assessment of its effectiveness and implementation of improvements;
- to provide appropriate guidance to individual directors in discharging their duties; and
- to provide arrangements for members of the Board of Directors to communicate with the Chairman of the Board formally and informally concerning matters of interest to such members.

Where there is no separation of the offices of the Chairman of the Board and the Chief Executive Officer of the Corporation, the Board of Directors shall appoint a Lead Director, who shall be an independent member of the Board of Directors. The Lead Director shall assist the Chairman of the Board, in assuring effective corporate governance in managing the affairs of the Board of Directors, and shall have such other roles and responsibilities as determined by the Board of Directors from time to time.

## **VII. PROCEDURES TO ENSURE EFFECTIVE AND INDEPENDENT OPERATION**

The Board of Directors recognizes the importance of having procedures in place to ensure the effective and independent operation of the Board of Directors. In addition to the policies and

procedures provided elsewhere in the Charter, including under “Role and Responsibilities of the Chairman of the Board” set out above, the Board of Directors has adopted the following procedures:

- the Board of Directors shall have complete access to the Corporation’s management;
- the Board of Directors requires timely and accurate reporting from the Corporation’s management and shall regularly review the quality of management’s reports;
- the Board of Directors shall establish a committee of independent directors with a mandate to review, and make determinations and recommendations to the Board of Directors in respect of, any potential related party transactions, and in respect of any statements, guidelines, policies or procedures relating to the conduct of the Corporation with related parties;
- individual directors may engage an external adviser at the expense of the Corporation in appropriate circumstances and subject to the approval of the Corporate Governance and Nominating Committee of the Board of Directors;
- the Board of Directors shall provide a process for receiving stakeholder feedback, and ensure that every proper investor inquiry shall receive a prompt response from an appropriate officer or authorized spokesperson of the Corporation;
- the Chairman of the Board shall monitor the nature and timeliness of the information requested by and provided by the Corporation’s management to the Board of Directors to determine if the Board of Directors can be more effective in identifying problems and opportunities for the Corporation; and
- the Board of Directors shall periodically review and approve the detailed job description for the Chief Executive Officer of the Corporation, based on the recommendations of the Human Resources, Compensation and Pension Committee of the Board of Directors which shall work together with the Chief Executive Officer in developing such description, and shall make determinations in respect of the Chief Executive Officer’s performance, based on the recommendations of the Human Resources, Compensation and Pension Committee and with reference to the objectives set out in this job description.

#### **VIII. BOARD COMMITTEES**

Subject to limits on delegation under applicable law, the Board of Directors has the authority to establish and carry out its duties through committees of the Board of Directors and to appoint directors to be members of these committees. The Board of Directors will assess the matters to be delegated to these committees and the constitution of such committees annually or more frequently, as circumstances require. From time to time the Board of Directors may create *ad hoc* committees to examine specific issues on behalf of the Board of Directors.

Approved by the Board of Directors on December 8, 2009.