



MAKING *Life* BETTER.

BOARD MANDATE

I. INTRODUCTION

The board of directors (the “**Board**”) of The Green Organic Dutchman Holdings Ltd. (the “**Corporation**” or “**TGOD**”) believes that the principal objective of the Corporation is to generate economic returns to its shareholders. The Board believes that good corporate governance practices provide an important framework for a timely response by the Corporation’s Board to situations that may directly affect shareholder value.

The Board wishes to emphasize that the substance of good corporate governance at TGOD is more important than its form; adoption of a set of guidelines or principles or any particular practice or policy is not a substitute for, and does not itself assure, good corporate governance.

The Board has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board.

II. BOARD OPERATING GUIDELINES

These guidelines govern how the Board will operate to carry out its duties of stewardship and accountability.

a. **The Board-Management Relationship**

- i. By law, the Board is called upon to “manage” or “supervise the management” of the business of the Corporation. At TGOD, the Chief Executive Officer (the “CEO”) is responsible for the day-to-day leadership and management of the Corporation and the Board supervises the CEO.
- ii. The CEO’s prime responsibility is to lead the Corporation. The CEO formulates the Corporation’s policies, strategic plans and goals, in conjunction with the Board. The Board approves the goals of the business, its objectives and policies within which it is managed, and then steps back and evaluates management performance. Reciprocally, the CEO keeps the Board fully informed of the Corporation’s progress towards the achievement of its goals and of all material deviations from the goals or objectives and policies established by the Board in a timely and candid manner.
- iii. Once the Board has approved the goals, strategies and policies, it acts in a unified and cohesive manner in supporting and guiding the CEO subject to its duty to act in the best interests of the Corporation.

b. **Chairman of the Board**

The chairman of the Board (the “**Chairman**”) will be appointed by the Board and has the responsibility to ensure the Board operates effectively and has the ability to act independently of management when necessary.

c. **Board Independence**

The Board must have the capacity, independently of management, to fulfill the Board's responsibilities. The Board must be able to make an objective assessment of management and assess the merits of management initiatives. Independence is based upon the absence of relationships and interests that could compromise the ability of a director to exercise judgment with a view to the best interests of the Corporation. Therefore, the Corporation is committed to the following practices:

- i. the appointment of a Chairman;
- ii. the recruitment of strong, independent directors;
- iii. the Board will be composed of a majority of Independent Directors. "Independent Directors" will have the meaning given to it under applicable securities legislation and stock exchange policies on which any of the Corporation's capital stock is listed;
- iv. any director who is deemed independent and whose circumstances change such that he or she might be considered to no longer be an independent director, shall promptly advise the Board of the change in circumstances;
- v. the Governance and Nominating Committee leads the director selection/evaluation process and the CEO evaluation process;
- vi. all committees are constituted with independent directors; and
- vii. the independent directors meet at the end of every scheduled Board meeting under the leadership of the Chairman.

d. **Corporate Strategy**

Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board's role is to ensure there is a strategic planning process, and then review, question, validate, and ultimately approve the strategic plan and monitor its implementation.

e. **Risk Management**

The Board, in conjunction with management, will identify the principal risks associated with the business and oversee management's implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks. The principal mechanisms through which the Board reviews risks are:

- i. on-going reports by the CEO;
- ii. the strategic planning process;
- iii. the Audit Committee; and
- iv. external reports, as appropriate.

f. **Succession Planning**

The Board considers succession planning and management development to be an ongoing process, including periodic reports to the Board by the CEO. The CEO's view as to a

successor in the event of unexpected incapacity should be discussed regularly with the Governance and Nominating Committee.

g. **Board Communications Policy**

- i. The Board approves the content of the Corporation's major communications to shareholders and the investing public, including the quarterly and annual press releases, the management proxy circular, the annual information form and any prospectuses that may be issued.
- ii. The Board believes that it is the function of management to speak for the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that individual directors may, from time to time, be requested by management to assist with such communications.
- iii. It is expected that when communications from stakeholders are made to individual directors, management will be informed and consulted to determine any appropriate response to be made by the Board or management, as the case may be.

h. **Evaluation of the Chief Executive Officer**

The Compensation Committee annually leads the Board in assessing the CEO's performance against objectives and other relevant criteria established the previous year by the Board and the CEO.

i. **Code of Conduct and Ethical Behaviour**

The Board expects all directors, officers and employees of the Corporation and its subsidiaries to conduct themselves in accordance with the highest ethical standards and adhere to the Corporation's *Code of Business Conduct and Ethics* (the "Code") in place from time to time. .

j. **Conflict of Interest**

Directors must never be in an undisclosed conflict of interest with the Corporation. A director who has a real, perceived or potential conflict of interest regarding a particular matter under consideration should advise the Board, refrain from debate on the matter and abstain from any vote regarding that matter.

k. **Board Size and Composition**

- i. Nominees for directors are initially considered and recommended by the Governance and Nominating Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.
- ii. The Board is committed to reviewing its size regularly and currently considers six directors to be an appropriate number for the size of the Corporation and sufficient to provide an appropriate mix of backgrounds and skills for the stewardship of the Corporation. In general, the Board believes smaller boards are more cohesive and work more effectively than larger Boards.
- iii. The Board is committed to maintaining and planning for a majority of independent directors. Any future expansion of the Board will be targeted to maintain a majority of the directors as independent.

- iv. At its meeting to approve the Information Circular for the Annual General Meeting of the shareholders of the Corporation, the Board shall consider and determine whether or not a director or nominee to be a director is independent.
- v. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their respective charters, as amended from time to time.

l. Criteria for Board Membership

- i. The Governance and Nominating Committee will annually review the general and specific criteria applicable to candidates to be considered for nomination to the Board, if applicable.
- ii. The objective of this review will be to maintain the composition of the Board in a way that provides the best mix of skills and experience to guide the long term strategy and ongoing business operations of the Corporation.
- iii. This review will take into account the desirability of maintaining a reasonable diversity of background skills and experience and personal characteristics among the directors, and will take into consideration the Corporation's Diversity & Inclusion Policy, along with the key common characteristics required for effective Board participation.

m. Selection of New Directors

- i. The Board is responsible for identifying suitable candidates to be recommended for election to the Board by the shareholders, and will give due consideration to the Corporation's Diversity & Inclusion Policy.
- ii. The Governance and Nominating Committee has the responsibility to:
 - A. lead the Board in assessing what competencies and skills are necessary for the Board as a whole to possess;
 - B. assess the competencies and skills of the existing directors; and
 - C. assess the competencies and skills of any new nominee to the Board, against the current skills and experience needs of the Board and make recommendations to the full Board.
- iii. All directors are encouraged to identify potential candidates for new directors.
- iv. The CEO provides additional direct input to the process.
- v. An invitation to stand as a nominee for election to the Board will normally be made to a candidate by the Board through the Chairman.

n. Directors' Outside Board Membership

- i. *Interlocking Boards*
 - A. No two directors shall sit together on two or more public company corporate boards, inclusive of the Corporation, without the approval of the Board.

- B. If such a situation does exist on the Board, the Governance and Nominating Committee shall annually review the continued appropriateness of the situation and make a recommendation to the Board.

ii. *Multiple Board Memberships*

- A. No director shall sit on four or more public company corporate boards, inclusive of the Corporation, without the approval of the Board.
- B. If any director does sit on four or more public company corporate boards (inclusive of the Corporation), the Governance and Nominating Committee shall annually review the appropriateness of that director's continued membership on the TGOD Board and make a recommendation to the Board.

The Board recognizes that participation on a board of directors requires a commitment of time on the part of any director. The person best able to determine whether he or she has sufficient time available to participate as a director of a company is the director in question. Many factors impact the amount of time a director may have to devote to board duties. In circumstances where a director has full time employment in addition to his or her duties as a director, that time may be more limited than that of a director without a full-time position. Certain board assignments carry requirements for varying amounts of time, often depending on the size of a company or the complexity of its operations. In determining whether to grant approval for an individual to sit on more than four public company boards, the Governance and Nominating Committee will enter into discussions with the director involved to ensure that he or she has the time available to discharge his or her responsibilities appropriately.

o. **Director Retirement Age**

There is no retirement policy for directors.

p. **Term**

Directors are elected or re-elected annually by shareholders. There is an informal expectation by the Board that each director will commit to serving his or her term at least until the next annual shareholders' meeting. The Board does not believe that it should establish a limit on the number of times a director may stand for election. While the Board is committed to maintaining a highly effective Board and recognizes the value of Board renewal where fresh ideas and viewpoints are available, the Board believes it would be unduly restrictive and not in the best interests of the Corporation to adopt specific director term limits. Industry knowledge and insights into the Corporation and its operations along with commitment and expertise are vital to the successful functioning of the Board.

Board efficacy will be assured through the annual and periodic comprehensive assessment of directors, the Board and its committees, the annual consideration of Board composition by the Governance and Nominating Committee and the processes for identifying director nominees to be recommended for election to the Board by the shareholders, and not through the imposition of arbitrary term limits. For additional information regarding Board evaluation, please refer to section "z" below.

q. **Board Meetings and Agendas**

- i. The Board meets a minimum of four times per year, usually every quarter.
- ii. The CEO, in consultation with the Corporate Secretary and the Chairman, develops the agenda for each Board meeting. All directors are free to suggest items to be included on the agenda.
- iii. Under normal circumstances, the agenda and materials will be distributed to directors not less than seven days in advance of the meeting.
- iv. The Board may adopt the use of consent resolutions for its convenience from time to time.
- v. A quorum for the transaction of business at any meeting of the directors shall consist of majority of the directors present. A quorum of directors may exercise all the powers of the directors at a meeting.
- vi. A director may participate in a Board meeting by means of such telephonic, electronic or other communication facilities as to permit all persons participating in the meeting to communicate adequately with each other. Any member participating in said meeting by any such means is deemed to be present at the meeting.
- vii. Directors will maintain the absolute confidentiality of Board deliberations and decisions and information received at meetings, except as may be specified by the Chairman, if the information is publicly disclosed by the Corporation, or as required by applicable law. The views or opinions of individual directors or managers shall be treated with an appropriate level of respect and confidence.
- viii. At Board and committee meetings there exists an open atmosphere that encourages discussion of alternative views. From time to time, informal offsite sessions may be held to further enhance/encourage discussion of ideas, strategies and issues.
- ix. Directors are expected to attend all meetings of the Board and the committees upon which they serve, to come to such meetings fully prepared (including full review of all documentation sent prior to the meeting), and to remain in attendance for the duration of the meeting. Where a director's absence from a meeting is unavoidable, the director should, as soon as practicable after the meeting, contact the Chairman, the CEO or the Corporate Secretary for a briefing on the substantive elements of the meeting.

r. **Meetings of Independent Directors**

- i. At the end of each Board meeting, the independent directors shall meet briefly under the leadership of the Chairman.
- ii. The purpose of the meeting will be to provide an opportunity for the independent directors to raise issues that they did not wish to discuss with management present. Matters that are commonly discussed in-camera include:
 - A. Board issues such as internal problems and factions;
 - B. Board objectives and performance;

- C. Board and management succession planning;
 - D. Reviewing the CEO's performance, compensation and employment status;
 - E. Reviewing personnel and employment/labour matters;
 - F. Discussing government policies and their implications for the organization; and
 - G. Discussing legal advice and litigation
- iii. The Chairman will meet with the CEO, if applicable, to discuss the results of the meeting.

s. **Board Meetings**

The Board shall have a minimum of four regularly scheduled meetings per year. In addition, special meetings may be called from time to time as determined by the needs of the Corporation's business.

t. **Board Information**

- i. Material distributed to the directors in advance of Board meetings shall be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered.
- ii. Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings shall briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material.
- iii. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

u. **Board Minutes**

The Chairman and CEO shall be provided with draft minutes of each meeting of the Board in a timely manner. The approved minutes serve as the official record of the Board meeting.

v. **Non-Directors at Board Meetings**

- i. The Board appreciates the value of having certain members of senior management attend Board meetings to provide information and opinion to assist the directors in their deliberations.
- ii. The CEO, in consultation with the Chairman, will determine who shall attend Board meetings and for which agenda items. For issues that fall within the charter of a committee, a committee chair may also recommend non-directors attendees to the Chairman;
- iii. No non-director shall attend or table material without prior approval of the CEO or Chairman, and in the case of a committee meeting, the committee chair.

w. **Committees**

- i. Committees analyze in depth, policies and strategies developed by management, which are consistent with their charters. They examine proposals and, where appropriate, make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.
- ii. Each committee operates according to a Board approved written charter outlining its duties and responsibilities. Guidelines regarding the operation of Committees are outlined in Tab [x] of the Board Manual.
- iii. The current committee structure consists of:
 - A. Audit Committee
 - B. Governance and Nominating Committee
 - C. Compensation Committee
- iv. The Governance and Nominating Committee is responsible to the Board for proposing the leadership and membership of each committee on an annual basis. In preparing its recommendations, the Governance and Nominating Committee will consult with the CEO, and take into account the preferences of the individual directors.
- v. The Board, with the advice of the Governance and Nominating Committee, will set the remuneration, if any, for committee members.
- vi. Each committee will meet at least once each year, or more frequently as deemed necessary by the committee.
- vii. A committee member may participate in a committee meeting by means of telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other.

x. **Board Contact with Senior Management**

- i. All of the directors have open access to the Corporation's Senior Management. It is expected that directors will exercise judgment to ensure that their contacts will not distract from the Corporation's business operations.
- ii. Written communications from directors to members of management will be copied to the Chairman, and the CEO.
- iii. The Board also encourages individual directors to make themselves available for consultation with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

y. **New Director Orientation**

New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other directors. The details of

the orientation of each new director will be tailored to that director's individual needs and areas of interest.

z. Evaluating Board Performance

The Governance and Nominating Committee is responsible for developing and implementing an annual assessment of the performance of the Board, its committees and individual directors to determine whether it, the directors, and the committees are performing effectively. The Governance and Nominating Committee is responsible for seeking comments from all directors and reporting to the full Board the collective assessment of the Board's performance as well as the committees and individual directors. The assessment of individual directors will consider the diversity of skill sets and competencies applicable to that director as it relates to the overall alignment of the Board's areas of expertise essential for execution of the Corporation's strategy. The full Board will discuss the assessment reports and determine what, if any, action should be taken to improve performance.

aa. Director Compensation

The Compensation Committee will review director compensation annually, and in consultation with the Governance and Nominating Committee. The Committee will make recommendations to the Board for consideration when it believes changes in compensation are warranted.

bb. Loans

The Company will not make any personal loans or extensions of credit to directors or executive officers.

cc. Limits to Management Authority

From time to time, the Board establishes limits on management's authority depending on the nature and size of proposed transactions. These limits permit some flexibility within approved budgets for line additions and deletions but otherwise the budget must not be exceeded without Board approval.

dd. Outside Advisors for Individual Directors

Occasionally, individual directors may need the services of an advisor to assist on matters involving their responsibilities as a Board member. The Board has determined that any director who wishes to engage an outside advisor at the expense of the Corporation, obtain the approval of the Chairman, in consultation with the CEO.

ee. Ongoing Director Education

The Board recognizes the importance of continuing education to enhance the directors' skills, abilities and understanding of the Corporation's business. The directors are expected to be informed about current best practices, emerging trends in corporate governance and relevant regulatory developments. While directors take personal responsibility for staying current, the Governance and Nominating Committee will use best efforts to facilitate ongoing education by:

- A. periodically canvassing the directors to determine their training and education needs and interests;

- B. arranging ongoing visitation by directors to the Corporation's facilities and operations; and
- C. encouraging and facilitating presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

ff. **Board Mandate Review**

The Board shall review this Board Mandate periodically and update it to reflect changes as required by securities regulatory agencies or stock exchanges, or reflect corporate practices and industry standards.