

CLARKE INC.
MANDATE OF THE BOARD OF DIRECTORS

1. *Statement of Policy*

The mandate of the board of directors (“Board”) of Clarke Inc. (the “Company”) is to oversee, monitor and evaluate the management of the business and affairs of the Company. The Board shall review, discuss and approve various matters related to the strategic direction, business, operations and organizational structure of the Company with a view to the best interests of the Company and shareholders generally. The Board shall approve certain transactions whose value exceeds management’s authority limits. The types of transactions requiring prior Board approval include: acquisitions or divestitures of subsidiaries, divisions or assets, assumption of significant liabilities other than in the ordinary course of business, and transactions which would materially change the Company’s consolidated revenue or net assets. The Board shall approve banking relationships and key borrowing and financing decisions, appoint the officers of the Company, determine the Directors’ compensation and declare dividends. Responsibilities of the Board are performed by the Board as a whole and the Board establishes committees of the Board to assist the Board in discharging its responsibilities.

2. *Composition and Organization of the Board*

Selection of Members

There is no Human Resources and Corporate Governance Committee (“HRGC”) in place for the Company. The Board assumes all responsibilities of the HRGC for reviewing and recommending candidates for nomination as Directors. The Board approves the final choice of candidates for nomination and election by the shareholders.

Number of Directors

The number of Directors shall be not less than three (3) nor greater than ten (10).

Membership Criteria

The composition of the Board, including the qualifications of its members, shall comply with the applicable requirements of the *Canada Business Corporations Act*, the stock exchanges on which the Company lists its securities and the rules and policies of securities regulatory authorities, as adopted, in force or amended from time to time.

Directors must have an appropriate mix of skills, knowledge and experience in business and a history of achievements. Directors selected should be able to commit the requisite time for all the Board’s business and shall demonstrate integrity, accountability and informed judgment.

Outside and Independent Directors

A majority of the Board shall be composed of outside Directors who are not part of the management of the Company and who are independent (as determined by the Board in accordance with applicable securities laws and regulations).

A majority of the nominees proposed to the shareholders of the Company by its management from time to time for election as Directors at annual general meetings of shareholders shall be outside and independent Directors; and the Board shall use its efforts to maintain such a majority of outside and independent Directors.

Chairperson

The Board shall appoint its chairperson of the Board (the “Chair”) from among the Company’s Directors.

Term of Directors

The Directors are elected by the shareholders at every annual meeting. A Director ceases to hold office upon death, resignation, removal or disqualification under the *Canada Business Corporations Act*.

Resignation of Directors

The resignation of a Director becomes effective at the time a written resignation is sent to the Company, or at the time specified in the resignation, whichever is later.

3. Responsibilities of the Board

In discharging their responsibilities, the Directors owe the following duties to the Company:

- fiduciary duty: they must act honestly and in good faith with a view to the best interests of the Company and be loyal to the Company; and
- duty of care: they must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In discharging their responsibilities, the Directors are entitled to rely on the honesty and integrity of the senior management of the Company and the auditors and other professional advisors of the Company, and should establish and follow processes that enable them to effectively fulfill their overseeing responsibilities.

The Board has the responsibilities outlined below for the stewardship of the Company. "Stewardship" means to oversee, monitor and evaluate management, who are responsible for the day to day conduct of the business. Stewardship includes:

- annually adopting and updating the strategic planning process and approving a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- approving the communications policy for the Company;
- overseeing the implementation of the Company's disclosure controls and procedures and internal control over financial reporting;
- overseeing the maintenance by management of practices and processes to assure compliance with applicable laws and appropriate ethical standards, including the adoption by management of corporate policies and procedures and the Company's Code of Conduct and Ethics;
- overseeing the implementation of the Company's management information systems; and
- developing the Company's approach to corporate governance.

4. Relationship with Management

The Board expects that management will seek to maximize shareholder value in a manner that is consistent with good corporate citizenship, including the fair treatment of the Company's employees and the provision of quality service to the public. Management is responsible for the development of long-term corporate strategy, and the role of the Board is to review, question and validate, and ultimately to approve the strategies proposed by management.

To assist the Directors in discharging their responsibilities, the Board expects management of the Company to:

- review and update the Board annually (or more frequently if appropriate) for its approval the strategic plan, and report regularly to the Board on the implementation of the strategic plan in light of evolving conditions;

- prepare and present to the Board annually (or more frequently if appropriate) a business plan and budget and report regularly to the Board on the Company's performance against the business plan and budget; and
- report regularly to the Board on the Company's business and affairs and on any matters of material consequence for the Company and its shareholders.

Additional expectations are developed and communicated during the annual strategic planning and budgeting process and also during regular Board and Board committee meetings.

Management shall put before the Board for its approval all material financial disclosure, business plans, major capital expenditures, capital raising and other major financial activities, executive hiring plans, compensation policies, succession planning, major issues relating to the Company's products or services (such as quality and safety), decisions to devote resources to new lines of business, organizational restructuring plans, proposed acquisitions and divestitures, and all other matters that must by law be approved by the Board.

5. *Expectations and Responsibilities of Directors*

As stewards, directors are expected to establish standards of conduct for the Company, and must set the general moral and ethical tone for the conduct of business, while overseeing the Company's compliance with applicable laws and policies. Without limiting the generality of the foregoing, each member of the Board is expected to:

- lead by example by acting in compliance with applicable laws, applicable internal and external policies and standards set by the Board;
- regularly attend board meetings and important related meetings;
- make a serious commitment to participate actively in committee meetings, if applicable;
- stay informed and current about committee matters and matters regarding corporate governance;
- prepare for meetings, and review and comment on minutes and reports;
- get to know other Board members and build collegial working relationships;
- be an active participant in the Board's annual evaluation and planning efforts;
- engage in open discussion and debate on issues and work collaboratively with all members of the Board;
- encourage input from all members, including those with opposing views;
- disclose all potential conflicts of interest;
- where necessary, seek the advice of experts;
- exercise his or her authority as a Board member to the best of his or her ability, honestly, in good faith, and in the best interests of the Company.

6. *Meetings and Proceedings*

- The Board shall meet as frequently as is determined to be necessary but not less than four times each year.
- The Chair shall normally call meetings of the Board. Any Director, the corporate secretary or any two Directors may also call a meeting of the Board.
- The Chair is responsible for the agenda of each meeting of the Board, including input from other Directors and management of the Company as appropriate. Meetings will include presentations by management or professional advisors and consultants when appropriate and allow sufficient time to permit a full and open discussion of agenda items. Information and materials that are important to the Board's understanding of the agenda items and related topics should be distributed reasonably in advance.
- Unless waived by all Directors, a notice of each meeting of the Board confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded to each Director at least three (3) days before the date of the meeting, provided that supporting materials that are not available at the time of mailing may be sent as soon as possible after they become available.

- Meetings may be held in person or by means of telephone, electronic or other communication facilities.
- The quorum for each meeting of the Board is a majority of the Directors. Any matter to be voted upon shall be decided by a majority of the votes cast for a resolution. In the absence of the Chair, the other members may appoint one of their number as chair of a meeting. The Chair or the Chair in his or her absence, shall not have a second or casting vote.
- Any Director who has a conflict of interest in accordance with the Company's Code of Conduct and Ethics, which is applicable to any such Director, shall:
 - disclose such conflict in a timely manner to the Board,
 - not be counted for purposes of determining a quorum for the meeting;
 - leave any meeting when the subject matter of the conflict is to be considered, and
 - not vote on such subject matter.
- The corporate secretary shall keep minutes of all meetings of the Board, including all resolutions passed by the Board. Minutes of meetings shall be distributed to the Directors after preliminary approval thereof by the Chair.
- An individual who is not a Director may be invited to attend a meeting of the Board for all or part of the meeting.
- The outside and independent Directors shall regularly meet without inside and non-independent Directors and management present, as and when they wish to do so, to ensure free and open discussion and communication among the outside and independent Directors.

7. *Feedback from Stakeholders*

The Board shall adopt procedures that are designed to provide the Board with appropriate feedback from the Company's stakeholders. These procedures shall include:

- a formal written whistleblower policy that facilitates the submission by employees of confidential complaints relating to accounting matters and breaches of the Company's code of conduct and ethics; and
- written instructions, posted on the Company's website, that will facilitate the receipt by the Company, and under appropriate circumstances the Board, of complaints and other correspondence from all stakeholders, whether or not employed by the Company.