

## **LYDIAN INTERNATIONAL LIMITED**

### **CHARTER OF THE BOARD OF DIRECTORS**

#### **I. PURPOSE**

The Board of Directors (the “Board”) of Lydian International Limited, (the “Company”) is ultimately responsible for the stewardship and corporate governance of the Company. The Board intends to discharge this responsibility by reviewing and approving the Company’s strategic plans, annual budgets, significant decisions and transactions and other duties as laid out by this charter.

In its oversight role, the Board, through the Chief Executive Officer (“CEO”), sets the attitude and disposition of the Company towards compliance with applicable laws, environmental, health and safety policies, financial reporting practices and internal controls. In addition to its primary accountability to shareholders, the Board and the CEO are also accountable to government authorities and other stakeholders, such as employees, communities, and the public.

The composition, authority, and responsibilities of the Board are set out in this charter. The Board will discharge its responsibilities either directly or through its committees. The Committees currently consist of the Audit Committee, Sustainability Committee, Nomination and Governance Committee, the Technical and Operating Committee, and the Compensation Committee (the “Committees”).

The Board shall, review and assess the adequacy of this Charter and the effectiveness of each Board member annually.

The Board may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. This Charter is not intended to give rise to civil liability on the part of the Company, its directors, or its officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

#### **II. COMPOSITION OF THE BOARD AND MEETINGS**

##### **A. COMPOSITION**

- a) The directors of the Company (“Directors”) should be comprised of a mix of competencies, skills and diversity necessary to enable the Board and the Committees to properly discharge their responsibilities. The composition of the Board may change from time to time as the needs of the Company change. The Directors should include a mixture of race, gender and age.
- b) The Board and its Directors meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission, the Toronto Stock Exchange, the Companies (Jersey) Law 1991 and all other applicable corporate and securities regulatory authorities.

- c) In line with the evolving needs of the Company, the Nomination and Governance Committee will meet annually (or more frequently, if needed) to recommend candidates to the Board for election or appointment as Directors.
- d) The Board shall approve the final choice of candidates.
- e) The shareholders of the Company shall elect the Directors annually. The Board shall be composed of eight or more Directors with a combination of executive and independent directors, as defined in National Instrument 58-101 (“NI 58-101”).
- f) The majority of the Directors will be independent directors, as defined in NI 58-101.
- g) The Chairman of the Board shall be Independent as defined in NI 58-101. The Chairman shall, when present, preside at all meetings of the Board and, in the absence of the CEO, at all meetings of shareholders. In the absence of the Chairman at any meeting of the Board, the Directors present at the meeting shall appoint one of their number to act as Chairman of the meeting. The Chairman shall hold office at the pleasure of the Board until successors have been duly appointed or until the Chairman resigns, or are otherwise removed from office by the Board.

#### B. MEETINGS

- a) The Board shall meet at least quarterly, at the discretion of the Board, or a majority of its Directors, as circumstances dictate, or as may be required by applicable legal or listing requirements. A minimum of at least 50% of the Directors of the Board present either in person or by telephone shall constitute a quorum. The independent directors shall meet quarterly without senior officers of the Company nor any non-independent Directors, or as required.
- b) If within one hour following the time appointed for a meeting of the Board, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour following the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the Directors then present.
- c) If, and whenever, a vacancy shall occur, and until such time as the Nomination and Governance Committee acts to fill the vacancy, the remaining Directors of the Board may exercise full authority of the Board so long as a quorum remains in effect.

- d) The time and place at which meetings of the Board shall be held, and procedures at such meetings, shall be determined from time to time by the Board. A meeting of the Board may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all the Directors are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- e) The Directors of the Board are expected to attend all meetings of the Board unless prior notification is provided. If necessary, any member of the Board may participate in the meeting of the Board by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- f) The Board may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting (the "Secretary"). The Board Secretary shall keep minutes of Board's meetings which shall be submitted to the Board.
- g) The Board may invite such independent auditors, advisors, officers and employees of the Company and its subsidiaries as the Board may see fit, from time to time, to attend at meetings of the Board.
- h) Any matters requiring a resolution by the Board shall be decided by a majority of votes cast at a meeting of the Board called for such purpose. Actions of the Board may be taken by an instrument or instruments in writing signed by all of the Directors of the Board, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Board called for such purpose. In the event of a tie, the Chairman shall cast the deciding vote.

### **III. AUTHORITY OF THE BOARD OF DIRECTORS**

The Board shall have the authority to:

- a) Carry out the purpose of the Charter, including conducting any investigations deemed by the Board to be appropriate;
- b) Engage independent counsel and other advisors as it determines necessary to carry out its duties;
- c) Invite officers, employees and other parties engaged by the Company to Board meetings as they deem appropriate, giving them unrestricted access to these individuals and their knowledge of the Company's activities;
- d) Delegate specific functions of the Board to selected committees as they deem appropriate.

#### IV. BOARD RESPONSIBILITIES

- A. In discharging their responsibilities, the Directors owe the following fiduciary duties to the Company.
- a) A duty of loyalty, to act honestly and in good faith with a view to the best interests of the Company.
  - b) A duty of care: to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. All Directors must be allowed to express opinions free from unwarranted critique from other Directors.
  - c) In discharging their responsibilities, the Directors are entitled to rely on the honesty and integrity of the senior officers of the Company and the independent auditors and other professional advisers of the Company, subject to the Directors' duty of care.
  - d) In discharging their responsibilities, Directors should exercise independent judgement regardless of the existence of relationships or interests which could interfere with the exercise of independent judgement.
  - e) In discharging their responsibilities, the Directors are also entitled to directors' and officers' liability insurance purchased by the Company and indemnification from the Company to the fullest extent permitted by law and the constating documents of the Company.
- B. The Board has specifically recognized its responsibilities for:
- a) Establishing and assigning Directors and other persons to Committees for the general responsibility for developing the Company's approach to: (i) corporate governance, (ii) nomination of Directors, (iii) financial reporting and internal controls, (iv) sustainability, (v) health and safety, (vi) risk management and (vii) compensation.
  - b) The Board is responsible for satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and the other senior officers create a culture of integrity throughout the Company.
  - c) Reviewing and approving all annual and interim financial statements, management's discussion and analysis, select press releases and the annual information form (the "AIF"), upon recommendation from the Audit Committee.
  - d) Approving the declaration of dividends, the purchase and redemption of securities.
  - e) Adopting a strategic planning process to establish objectives and goals for the Company's business and approving annually, a strategic plan, including financial budgets and key performance indicators.
  - f) Overseeing the identification of the principal risks of the Company and overseeing the implementation of the appropriate framework and process to manage these risks.

- g) Overseeing the integrity of the internal controls and the management information systems.
- h) Obtaining and reviewing periodic reports from management on the operations of the Company.
- i) Reviewing and approving material corporate transactions.
- j) Succession planning, upon recommendation from the Nomination and Governance Committee, selecting, training, monitoring performance and replacing the senior officers of the Company.
- k) Approving compensation for Officers and senior management, upon recommendation from the Compensation Committee.
- l) Ensuring all new Directors of the Board receive a comprehensive orientation and fully understand the role of the Board and its Committees and the contribution individual Directors are expected to make.
- m) Individually complying with the Code of Conduct and oversight responsibility for the Code of Conduct, upon recommendation from the Audit Committee.
- n) Ensuring the Company operates within all applicable laws and regulation and to the highest ethical standards.
- o) Approving and monitoring compliance with significant policies and procedures, including but not limited to the Anti-Corruption, Disclosure and Confidentiality, Environmental, Human Resources, Insider Trading, Occupational Health and Safety, Security, Social and Whistleblower Trading Policies unless otherwise delegated to a Committee.
- p) Governing over specific items as laid out in the Matters Reserved for the Board document when those items are not already covered by other stated responsibilities.
- q) Ensuring the Company has a communications program in place to effectively communicate with shareholders, other stakeholders and the public in general, and that appropriate measures are in place to receive feedback from said sources.
- r) Performing such other functions as prescribed by law or Company by-laws.

#### **IV. ROLES OF THE CHAIRMAN AND CEO**

The Chairman is responsible for the leadership of the Board and is pivotal in the creation of the conditions necessary for the overall Board and individual Director effectiveness. It is also the Chairman's role to ensure effective communications occur within the Board and to chair annual general meetings. See Schedule A for a detailed description of the Chairman's responsibilities.

The CEO is responsible for the day to day management of the business, in line with the strategy and long-term objectives approved by the Board. The CEO may make decisions in all matters affecting the operations, performance and strategy of the Company's businesses, with the exception of those Matters

Reserved for the Board or specifically delegated by the Board to its Committees. See Schedule B for a detailed description of the CEO's responsibilities.

#### V. TENTATIVE ANNUAL CALENDAR

Agenda Item	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	As Needed
Review and approve Board Charter				✓	
Review and approval of Corporate policies, including the Code of Conduct				✓	
Review the Effectiveness of the Board and its Directors	✓				
Appoint Directors to each of the Committees		✓			
Review and approve the annual financial statements, MD&A, press releases and AIF (upon recommendation from the Audit Committee)	✓				
Review and approve the Interim Financial Statements, MD&A and press releases (upon recommendation from the Audit Committee)		✓	✓	✓	
Approve the declaration of dividends and or purchase and redemption of securities					✓
Approve the Annual Strategic Plan, budget and key performance indicators	✓			✓	
Review framework for managing risks, including the Enterprise Risk Management Program	✓	✓	✓	✓	
Review and approve material corporate transactions (e.g. CapEx, M&A) as denoted on the Matters Reserved for the Board document					✓
Review the results of investigations arising from significant policies and procedures such as the Whistleblower Policy					✓
Approve Compensation for Officers and senior management, including share-based compensation and other incentives (upon recommendation from the Compensation Committee)	✓				

This Charter was reviewed and approved by the Board on August 14, 2018.