

## **MANDATE OF THE BOARD OF DIRECTORS AGT FOOD AND INGREDIENTS INC.**

### **1.0 Introduction**

The board of directors (the “**Board**”) of AGT Food and Ingredients Inc. (“**AGT**”) is elected by the shareholders of AGT (the “**Shareholders**”) and is responsible for the stewardship of AGT. The purpose of this mandate is to describe the principal duties and responsibilities of the Board as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

### **2.0 Composition**

The Board will be comprised of a majority of independent directors. The definition of independence is as provided by applicable law and stock exchange listing standards. No director will be considered independent unless the director has no “material relationship” (as such term is defined in National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators) with AGT, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with AGT.

The same person may hold the offices of Chairman of the Board (the “**Chairman**”) and Chief Executive Officer (the “**CEO**”) of AGT or the offices may be held by different people. If held by two persons, the Chairman may be a member of the management team of AGT (“**Management**”) or may be a person who is not an officer or employee of AGT. Where the Chairman is not independent, the independent directors will select one of their members to be appointed lead director of the Board for such term as the independent directors may determine.

To help ensure that the Board functions independently of Management, the independent directors will hold regularly scheduled meetings, including meetings that follow Board meetings, at which members of Management are not present. In addition, the Board currently has three committees: the Audit, Finance and Risk Committee, the Compensation and Human Resources Committee and the Corporate Governance and Nominating Committee, each of which is composed entirely of independent directors.

The Board may, from time to time, engage consultants or members of Management who are not directors of AGT and these persons may attend meetings or portions of meetings as invited guests of the Board. Otherwise, the Board will consist only of directors and a corporate secretary (the “**Corporate Secretary**”), appointed by the Board, may attend meetings of the Board.

### **3.0 Operation**

The role of the Board is to represent the Shareholders, enhance and maximize shareholder value and conduct the business and affairs of AGT ethically and in accordance with the highest standards of corporate governance. The Board operates by delegating certain of its authorities to Management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs, including selecting the Chairman, nominating candidates for election to the Board, constituting committees of the full Board and determining director compensation. Subject to the articles of incorporation and the *Business Corporations Act* (Ontario), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

The full Board considers all major decisions of AGT, except that certain analysis and work of the Board will be performed by standing committees empowered to act on behalf of the Board. In addition to the Audit, Finance and Risk Committee, the Compensation and Human Resources Committee and the Corporate Governance and Nominating Committee, the Board has the authority to appoint other standing

committees to steward certain other matters (each, a “**Committee**”). Each Committee must have a charter that has been approved by the Board.

Each Committee shall operate according to terms of reference or a charter approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board shall review and reassess the adequacy of the terms of reference of each Committee on a regular basis and, with respect to the Audit, Finance and Risk Committee, at least once a year.

The Chairman shall annually propose the leadership and membership of each Committee. In preparing recommendations, the Chairman will take into account the preferences, skills and experience of each director. Committee chairs and members are appointed by the Board at the first Board meeting after the annual meeting of the Shareholders or as needed to fill vacancies during the year.

Meetings of the Board will be held at least quarterly, with additional meetings to be held depending on the state of AGT’s affairs and in light of opportunities or risks which AGT faces. Directors are expected to attend all Board and Committee meetings, although it is understood that conflicts may occasionally arise that prevent a director from attending a meeting. Attendance at meetings in person is preferred, but attendance by teleconference is permitted. In addition, separate, regularly scheduled meetings of the independent directors of the Board will be held at which members of Management are not present.

In advance of each regular Board and Committee meeting and, to the extent feasible, each special meeting, information and presentation materials relating to matters to be addressed at the meeting will be distributed to each director. It is expected that each director will review presentation materials in advance of a meeting.

The Chairman presides at all meetings of the Board and the Shareholders. Minutes of each meeting shall be prepared by the Corporate Secretary. The CEO, if he or she is not a director, shall be available to attend all meetings of the Board or the Committees upon invitation by the Board or any such Committee. Management, and ‘such other staff as appropriate to provide information to the Board, shall attend meetings at the invitation of the Board. Following each meeting, the Corporate Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meeting. Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any director upon request to the CEO.

#### **4.0 Responsibilities**

The Board will delegate to the CEO and Management authority over the day-to-day management of the business and affairs of AGT. This delegation of authority may be subject to specified financial limits and any transactions or arrangements in excess of general authority guidelines will be reviewed by and subject to the prior approval of the Board.

The Board is responsible under law to supervise the management of the business and affairs of AGT. In broad terms, the stewardship of AGT involves the Board in strategic planning, risk identification, management and mitigation, senior management determination and succession planning, communication planning and internal control integrity.

#### **5.0 Specific Duties**

Without limiting the foregoing, the Board shall have the following duties and responsibilities:

**(1) Legal Requirements**

- (a) the Board has the oversight responsibility for meeting AGT's legal requirements and for approving and maintaining AGT's documents and records;
- (b) the Board has the statutory responsibility to:
  - (i) manage the business and affairs of AGT;
  - (ii) act honestly and in good faith with a view to the best interests of AGT;
  - (iii) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
  - (iv) act in accordance with its obligations contained in the *Business Corporations Act* (Ontario) and the regulations thereto, AGT's articles of incorporation and other relevant legislation and regulations.
- (c) the Board has the statutory responsibility for considering the following matters as a full Board, which in law may not be delegated to Management or a Committee:
  - (i) any submission to the Shareholders of a question or matter requiring the approval of the Shareholders;
  - (ii) the filing of a vacancy among the directors;
  - (iii) the issuance of securities;
  - (iv) the declaration of dividends;
  - (v) the purchase, redemption or any other form of acquisition of shares issued by AGT;
  - (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of AGT from AGT or from any other person, or procuring or agreeing to procure purchases for any such shares;
  - (vii) the approval of management information circulars and proxy statements;
  - (viii) the approval of any take-over bid circular or director's circular; and
  - (ix) the approval of financial statements of AGT.

**(2) Strategic Planning Process and Risk Management**

The Board will adopt a strategic planning process to establish objectives and goals for AGT's business and will review, approve and modify, as appropriate, the strategies proposed by Management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of AGT's business and affairs.

The Board, in conjunction with Management, shall be responsible to identify the principal risks of AGT's business and oversee Management's implementation of appropriate systems to seek to effectively monitor, manage and mitigate the impact of such risks. It is the responsibility of Management to ensure that the Board and the Committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are through the execution of the duties of the Committees and

through the strategic planning process. It is important that the Board understands and supports the key risk decisions of Management.

**(3) *Appointment, Training and Monitoring Senior Management***

The Board has the responsibility to:

- (a) establish a description of the responsibilities of the CEO and other members of Management;
- (b) appoint the CEO, monitor and assess the CEO's performance and determine the CEO's compensation;
- (c) provide advice and counsel in the execution of the CEO's duties;
- (d) approve the appointment and remuneration of the other members of Management; and
- (e) establish provisions for the training and development of Management and for the orderly succession of Management.

**(4) *Reporting and Communication***

The Board has the responsibility to:

- (a) ensure compliance with AGT's reporting obligations, including that the financial performance of AGT is properly reported to the Shareholders, other security holders and regulators on a timely and regular basis;
- (b) recommend to the Shareholders a firm of chartered accountants to be appointed as auditors;
- (c) ensure that the financial results of AGT are reported fairly and in accordance with generally accepted accounting principles;
- (d) ensure the timely reporting of any change in the business, operations or capital of AGT that would reasonably be expected to have a significant effect on the market price or value of the common shares;
- (e) establish a process for direct communications with the Shareholders and stakeholders through appropriate directors;
- (f) ensure that a policy is in place to enable AGT to communicate effectively with the Shareholders and the public generally; and
- (g) report annually to the shareholders on its stewardship of the affairs of AGT for the preceding year.

**(5) *Monitoring and Acting***

The Board has the responsibility to:

- (a) establish policies and processes for AGT to operate at all times within applicable laws and regulations to the highest ethical and moral standards;
- (b) ensure that Management has, and implements, procedures to comply with, and to monitor compliance with, significant policies and procedures by which AGT is operated;

- (c) ensure that Management establishes appropriate programs and policies for the health and safety of AGT's employees in the workplace;
- (d) monitor. AGT's progress towards its goals and objectives and revise and alter its direction through Management in response to changing circumstances;
- (e) take action when performance falls short of its goals and objectives or when other special circumstances warrant or when changing circumstances in the business environment create risks or opportunities for AGT;
- (f) approve annual (or more frequent as the Board feels to be prudent from time to time) operating and capital budgets and review and consider amendments or departures proposed by Management from established strategy, capital and operating budget or matters of policy which diverge from the ordinary course of business that may significantly impact the value of or opportunities available to AGT; and
- (g) implement internal control and information systems and monitor the effectiveness of same so as to allow the Board to conclude that Management is changing its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of Management is the paramount control mechanism.

**(6) Governance**

The Board has the responsibility to:

- (a) develop a position description for the Chairman and such other position descriptions as the Board deems appropriate; and
- (b) facilitate the continuity, effectiveness and independence of the Board by, among other things:
  - (i) appointing from amongst the directors, each Committee;
  - (ii) defining the mandate, including both responsibilities and delegated authorities, of each Committee;
  - (iii) establishing a system to enable any director to engage an outside advisor at the expense of AGT;
  - (iv) ensuring that processes are in place and are utilized to assess the effectiveness of the Chairman, the Board as a whole, each director, each Committee and its chair;
  - (v) reviewing annually the composition of the Board and the Committees and assessing director performances on an ongoing basis, and proposing new members to the Board; and
  - (vi) reviewing annually the adequacy and form of the compensation of the directors.

**6.0 New Director Orientation and Continuing Education**

New directors will be briefed on their responsibilities by counsel to AGT and are introduced to the business of AGT through meetings with the Chairman, the chair of each Committee and senior employees. New directors will also conduct tours of the business operations to ensure that they have a clear understanding of such business operations. New directors will receive an orientation binder containing relevant historical material to assist them in learning about AGT, including written information

about the duties and obligations of directors and the business and operations of AGT, documents from recent Board meetings and opportunities for meetings and discussions with Management and other directors.

The directors may participate in continuing education activities, as the need may arise, with respect to the business of AGT as well as with respect to legislative changes relevant to AGT. In addition, the Board will receive relevant articles and reports regarding AGT's particular business, strategy and governance.

## **7.0 Conflicts of Interest**

- (a) directors have a duty to act honestly and in good faith with a view to the best interests of AGT and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances;
- (b) each director serves in his or her personal capacity and not as an employee, agent or representative of any other corporation, organization or institution, even if the director is employed by a shareholder or any other entity which does business with AGT. In providing direction to AGT, directors acknowledge that the wellbeing of AGT is their sole concern. Any director must not be affected in his or her deliberations and decision making by any relationship with any outside person or party, including any specific shareholder no matter which one and no matter what the relationship between the director and that shareholder. Directors shall not allow personal interests to conflict with their duties to AGT and shall avoid and refrain from involvement in situations of conflicts of interest;
- (c) a director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict or perceived conflict with that director's duty to AGT;
- (d) a director shall disclose promptly any interest that director may have in an existing or proposed contract or transaction of or with AGT;
- (e) the disclosures contemplated in paragraph (b) and (c) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any Committee. If the perception of a possible conflict arises at another time, then the disclosure shall occur by email to the other directors immediately upon realization of the conflict situation and then confirmed at the first Board and/or Committee meeting after the director becomes aware of the potential conflict of interest that is attended by the conflicted director;
- (f) a director's disclosure to the Board or a Committee shall contain the full nature and extent of that director's interest either in writing or by having the interest entered in the minutes of the meeting;
- (g) a director with a conflict of interest, or who may be perceived as being in a conflict of interest with respect to AGT, shall abstain from discussion and voting by the Board or any Committee on any motion to recommend or approve the subject matter of such conflict unless the matter relates primarily to the director's remuneration or benefits. If the conflict of interest is obvious and direct, the director shall withdraw while the item is being considered;
- (h) without limiting the generality of "conflict of interest", it shall be deemed a conflict of interest if a director, a director's relative or a member of the director's household is

involved, has a director or indirect financial interest in, or obligations to, or a party to a proposed or existing contract or transaction with AGT;

- (i) directors shall not use information obtained as a result of acting as a director for personal benefit or for the benefit of others;
- (j) any director shall not use or provide to AGT any information known by the director through a relationship with a third party that the director is not legally able to use or provide; and
- (k) directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

## **8.0 Corporate Policies**

The Board will adopt and periodically review policies and procedures designed to ensure that AGT, the directors, officers and employees comply with all applicable laws, rules and regulations and conduct AGT's business ethically and with honesty and integrity.

## **9.0 Mandate Review**

This Mandate shall be reviewed and approved by the Board each year after the annual meeting of the Shareholders.

## **10.0 General**

The Board may perform any other activities consistent with this mandate, AGT's articles of incorporation and any governing laws of AGT.

*The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of AGT or other liability whatsoever.*

Dated: March 20, 2018

Approved by: Board of Directors