



**BOARDWALK REAL ESTATE INVESTMENT TRUST  
CORPORATE GOVERNANCE MANUAL**

**Approved by the Board of Trustees**

**on November 12, 2009**

**and last updated as at**

**November 12, 2009**

## TABLE OF CONTENTS

1.	OVERVIEW .....	3
2.	BOARD OF TRUSTEES .....	3
2.1	Composition of the Board .....	3
2.2	Appointment of Trustees .....	5
2.3	Mandate of the Board .....	7
2.4	Board Performance Assessment .....	8
3.	BOARD CHAIR .....	8
3.1	Role .....	8
3.2	Objectives and Performance Assessment .....	10
4.	COMMITTEE CHAIRS .....	10
4.1	Role .....	10
4.2	Performance Assessment .....	11
5.	CHIEF EXECUTIVE OFFICER .....	11
5.1	Role .....	11
5.2	Objectives and Performance Assessment .....	12
6.	INDEPENDENT LEAD TRUSTEE .....	12
6.1	Role .....	12
6.2	Performance Assessment .....	14
7.	CORPORATE SECRETARY .....	14
8.	BOARD COMMITTEES .....	14
8.1	Audit and Risk Management Committee .....	15
8.2	Compensation, Governance and Nominating Committee .....	19
9.	BOARD MEMBER ORIENTATION AND CONTINUING EDUCATION PROGRAMS .....	20
10.	TRUSTEE COMPENSATION AND EXPENSE POLICY .....	21
11.	ACCESS TO MANAGEMENT AND TO EXTERNAL ADVISORS .....	22
12.	EXECUTIVE COMPENSATION CLAWBACK POLICY .....	23
13.	PROCEDURES RELATIVE TO COMPLAINTS REGARDING ACCOUNTING AND AUDITING MATTERS .....	23
13.1	General .....	23
13.2	Protection .....	23
13.3	Confidentiality .....	23
13.4	Detailed procedures .....	23
13.5	Procedures review .....	24
14.	INTERESTED PARTIES COMMUNICATIONS WITH MANAGEMENT .....	24

## 1. OVERVIEW

Boardwalk Real Estate Investment Trust (“**Boardwalk**”) is committed to adhering to the highest possible standards in its corporate governance practices. As set forth in this Corporate Governance Manual, these practices are designed to assist Boardwalk in achieving its principal stated corporate objective, which is to: (i) provide unitholders with stable and growing cash distributions, partially, on a Canadian income tax-deferred basis, from investments in its assets and any additional revenue producing multi-family residential properties or interests acquired by Boardwalk; and (ii) increase trust unit value through the effective management of its residential, multi-family, revenue-producing properties and the acquisition of additional accretive properties or interests therein. Boardwalk believes that in order to enhance unitholder value, on a long term basis, it is advisable to take into account the interests of its other stakeholders.

“Corporate governance” means the process and structure used to direct and manage the business and affairs of the corporation with the objective of enhancing unitholder value, which includes ensuring the financial viability of the business. The process and structure define the division of power and establish mechanisms for achieving accountability among the board of trustees and management for the benefit of the Trust. The direction and management of the business should take into account the impact on other stakeholders such as employees, customers, suppliers and communities. (“Where Were the Directors?” - Report of the Toronto Stock Exchange Committee on Corporate Governance in Canada, December 1994, p. 7).

The following description of Boardwalk’s corporate governance practices fully complies with the disclosure and listing requirements of the Toronto Stock Exchange (the “**TSX**”) and with applicable Canadian legislation and related regulations such as National Instruments 52-108 and 58-101, Multilateral Instruments 52-109 and 52-110 and National Policy 58-201 of the Canadian Securities Administrators (the “**CSAs**”) (collectively the “**Canadian Corporate Governance Standards**”).

Disclosure of Boardwalk’s corporate governance practices is made annually in the Information Circular provided in connection with the annual meeting of unitholders, which circular is available on Boardwalk’s web site at [www.boardwalkreit.com](http://www.boardwalkreit.com).

Boardwalk’s Board of Trustees (the “**Board**”) annually reviews this Corporate Governance Manual with a view to continuously improving Boardwalk’s corporate governance practices by assessing their effectiveness and comparing them with evolving best practices, standards identified by leading governance authorities and Boardwalk’s changing circumstances and needs.

## 2. BOARD OF TRUSTEES

### 2.1 Composition of the Board

Boardwalk’s Declaration of Trust (the “**DoT**”), as amended, provides that its Board shall consist of a minimum of five (5) and a maximum of 12 Trustees.

The Compensation, Governance and Nominations Committee (the “**CG&N Committee**”) regularly reviews with the Board Chair the size and composition of Boardwalk’s Board and that of its committees to favour effective decision-making. The CG&N Committee also considers the geographical representation, business background, personal qualities and diversified experience of the Board as a whole in the context of Boardwalk’s evolving business environment. Finally, the CG&N Committee regularly monitors Board membership to ensure that the Board functions effectively, taking into consideration Boardwalk’s circumstances and requirements.

Of Boardwalk’s six (6) Trustees, five (5) are independent.

In determining whether or not a Trustee is “Independent”, as that term is defined in the Canadian Corporate Governance Standards, the Board considers all material relationships that a Trustee may have with Boardwalk. In addition, a Trustee is not independent if:

- (a) the Trustee is, or has been within the last three years, an employee of Boardwalk, or an immediate family member of the Trustee is, or has been within the last three years, an executive officer of Boardwalk;
- (b) the Trustee has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$CAD 75,000 in direct compensation from Boardwalk, other than Trustee and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- (c) (A) the Trustee or an immediate family member of the Trustee is a current partner of a firm that is Boardwalk’s internal or external auditor; (B) the Trustee is a current employee of such firm; (C) the Trustee has an immediate family member who is a current employee of such firm and who participates in the firm’s audit, assurance or tax compliance (but not tax planning) practice; or (D) the Trustee or an immediate family member was within the last three years (but is no longer) a partner or employee of such firm and personally worked on Boardwalk’s audit within that time;
- (d) the Trustee or an immediate family member of the Trustee is, or has been within the last three years, employed as an executive officer of another entity where any of Boardwalk’s present executive officers at the same time serves or has served on that entity’s compensation committee;
- (e) the Trustee is a current employee, or an immediate family member of the Trustee is a current executive officer, of a company that has made payments to, or received payments from, Boardwalk for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$Cdn 1million, or 2% of such other company’s consolidated gross revenues.
- (f) the Trustee is a current employee or an immediate family member of the Trustee is a partner or executive officer of a firm that receives payments from Boardwalk for professional services in an amount which, in any of the last three fiscal years, exceeds 3% of the total annual billing of the firm.
- (g) the Trustee or an immediate family member of the Trustee is an executive officer, Trustee or trustee of a not-for-profit organization that has received charitable contributions from Boardwalk in an amount which, in any of the last three fiscal years, exceeds 1% of that organization’s total annual charitable receipts (Boardwalk’s contributions matching employee contributions being excluded from such calculation).

In its determination as to the independence of Trustees, the Board may also consider mutual and reciprocal directorships of Board members.

In order to be considered Independent, a member of the Audit and Risk Management Committee (the “**Audit Committee**”) must also qualify as such under the applicable Canadian Corporate Governance Standards, and as such may not, other than in his or her capacity as a Trustee or member of a Board committee and subject to the exceptions provided in Canadian laws and regulations, accept directly or indirectly any fee from Boardwalk or any subsidiary of Boardwalk nor be an affiliated person of Boardwalk or any subsidiary of Boardwalk.

With a view to further Trustees' independence, the Board has adopted a policy pursuant to which a Trustee shall not accept the invitation to join an outside board without first informing the CG&N Committee.

The Board discloses annually which Trustees qualify as Independent.

In addition, all members of the Audit Committee are "financially literate".

In determining whether or not a Trustee is "financially literate", the Board considers if the Trustee has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Boardwalk's financial statements.

## **2.2 Appointment of Trustees**

In consultation with the Board Chair, the CG&N Committee reviews annually the credentials of nominees for election or re-election as members of the Board. It considers their qualification under applicable law, the validity of the credentials underlying the appointment of each nominee, and, for nominees who are already Trustees of Boardwalk, an evaluation of their skills, effectiveness and performance as members of the Board, including their attendance at Board and committee meetings. It then submits a report to the Board Chair, for presentation to the Board.

In proposing the list of Boardwalk Board nominees, the Board is guided by the following process:

- based on Boardwalk's current business plan, the opportunities and risks facing Boardwalk, the nature of Boardwalk's operating and competitive environment, and the work carried out by each of the committees of the Board, the CG&N Committee identifies, in consultation with the Board Chair, the expertise, competencies, skills and knowledge that the Board as a whole and its committees require to understand the business, to adequately fulfill their mandates and enhance unitholder value;
- the CG&N Committee, in consultation with the Board Chair, develops a competency matrix with knowledge areas, types of expertise, competencies, skills and geographical representation listed on one axis and individual Board members listed on the other;
- based on the results of the most recent Trustee performance assessment both at the Board and committee levels, the CG&N Committee's knowledge of the competencies, skills, personal qualities, availability, geographical representation, business background and experience of the Board members and with the help of the competency matrix, the CG&N Committee identifies any improvement to be addressed in the Trustee nomination process;
- based on the improvements to be made as identified by the CG&N Committee, and considering Board membership requirements such as those for Independence and availability, the CG&N Committee, in consultation with the Chair of the CG& N Committee, conducts a search for the requisite new Board members;
- once potential Board candidates have been identified, the Chair of the CG& N Committee meets with and interviews each candidate to assess the candidate's fit with the Board and the candidate's ability to work as part of a team and advises the Board of the results;
- as appropriate, the CG&N Committee may rely on assessments made by the Board Chair and other Board members who have interviewed or who know the candidate(s);

- based on the above process and the recommendations of the CG&N Committee, the Board Chair brings forth to the Board, for consideration and approval, a slate of nominees to consider for appointment as Trustees of Boardwalk at the next annual meeting of unitholders.

In order to assist the CG&N Committee and the Board Chair in recommending candidates to become Trustees of Boardwalk, the CG&N Committee shall constitute and update a list of potential candidates. Such a list will be constituted and updated based on the same process as described above with respect to Boardwalk Board nominees.

The term of office of each Trustee expires at the close of the annual meeting of unitholders following that at which he or she was elected. Board nominees, as recommended by the CG&N Committee and the Board Chair and approved by the Board, are put to a vote of unitholders. Should a vacancy occur during the course of the year, the Board may fill the vacancy in accordance with the foregoing process and applicable laws.

In accordance with the legal provisions governing Boardwalk, the Board may appoint one or more additional Trustees, who shall hold office for a term expiring not later than the next annual meeting of unitholders, but the total number of Trustees so appointed may not exceed one third of the number of Trustees elected at the previous annual meeting of unitholders.

The Board has adopted a policy providing that a nominee for election as a Trustee of Boardwalk who receives a greater number of votes “withheld” than votes “for”, with respect to the election of Trustees by unitholders, will be expected to offer to tender his or her resignation to the Board Chair promptly following the meeting of unitholders at which the Trustee is elected. The CG&N Committee will consider such offer and make a recommendation to the Board whether to accept it or not. The Board will make its decision and announce it in a press release within 90 days following the meeting of unitholders. The Trustee who offered to tender his or her resignation should not be part of any committee or Board deliberations pertaining to the resignation offer. This policy only applies in circumstances involving an uncontested election of directors. An “uncontested election of Trustees” means that the number of Trustee nominees is the same as the number of Trustees to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not part of the candidates supported by the Board. Subject to any corporate law restrictions, in the case where the Board accepts the offer of resignation of a Trustee and that such Trustee resigns, the Board may leave the resultant vacancy unfilled until the next annual meeting of unitholders. It may also choose to fill the vacancy through the appointment of a new Trustee whom the Board considers to merit the confidence of the unitholders. It may further decide to call a special meeting of unitholders at which there will be presented a new candidate to fill the vacant position.

The Board has also adopted a policy on term limits for Trustees, whereby a Trustee would not, unless otherwise determined by the Board, in its discretion, be nominated for re-election at the annual meeting following his or her ninth (9<sup>th</sup>) year on the Board. In addition, Trustees are expected to inform the Board Chair of any major change in their principal occupation so that the Board would have the opportunity to decide the appropriateness of such Trustee’s continuance as a member of the Board or of a Board committee. The CG&N Committee and the Board Chair will apply Board nominee selection criteria, including Trustees’ past contributions to the Board and availability to devote sufficient time to fulfill their responsibilities, prior to recommending Trustees for re-election for another term.

Due to his unique role as Chairman and Chief Executive Officer of Boardwalk, as well as the fact that he, along with Mr. Van Koliass, is the largest unitholder and founder of Boardwalk, the Board has determined that the above noted policy concerning term limits should not apply to Mr. Sam Koliass as long as he is Chief Executive Officer or Chairman of the Board of the Trust.

### **2.3 Mandate of the Board**

The Board has clearly delineated its role and the role of management. The role of the Board is to supervise the management of Boardwalk's business and affairs, with the objective of increasing unitholder value. Management's role is to conduct the day-to-day operations in a way that will meet this objective.

The Board approves all matters expressly required herein, under Boardwalk's DoT and applicable legislation. The Board may assign to Board committees the prior review of any issues it is responsible for, or as required by applicable laws. Board committee recommendations are generally subject to Board approval. The Board has delegated the approval of certain matters to management pursuant to its standing resolutions, as amended from time to time.

Meetings of the Board are held at least four (4) times a year and as necessary.

As part of its stewardship responsibility, the Board advises management on significant business issues and has the following responsibilities:

- (i) participating in the development of Boardwalk's strategic plan;
- (ii) identifying and managing business risks;
- (iii) ensuring the integrity and adequacy of Boardwalk's internal controls and management information systems;
- (iv) defining the roles and responsibilities of management;
- (v) reviewing and approving the business and investment objectives to be met by management;
- (vi) assessing the performance of management;
- (vii) succession planning;
- (viii) ensuring effective and adequate communication with Boardwalk's unitholders and other stakeholders, as well as the public at large; and
- (ix) establishing committees of the Board, where required, and defining their mandates.

Because of a Trustee's demanding role and responsibilities, each member of the Board shall be required, on an annual basis concurrent with his or her performance assessment by the entire Board, to advise the CG&N Committee of any outside, arms-length board of directors he or she has joined to ensure that such other directorship(s) would not impair the Trustee's ability to fulfill the responsibilities of his or her position with the Trust.

The independent Board members meet before or after every Board meeting without the presence of management and under the chairmanship of the independent Lead Trustee.\*

Board members are expected to demonstrate a high level of professionalism in discharging their responsibilities. They are expected to attend the meetings of the Board and of the Board committees on which they sit and to rigorously prepare for and actively participate in such meetings. They should review

---

\* Meetings of the Independent Trustees without the presence of the Chairman are not intended to cover the breadth or scope of subjects discussed at meetings of the full Board. Such meetings are usually limited to non-operational or non-strategic matters such as conflicts of interest.

all meeting materials in advance. They are also expected to be available to provide advice and counsel to the Chairman and CEO or other corporate officers of Boardwalk upon request.

The Board annually reviews the adequacy of its mandate.

## **2.4 Board Performance Assessment**

The Board has implemented and reviews, from time to time, a process to annually assess the effectiveness of the Board, Board committees, Board and committee chairs and individual trustees. This process is under the supervision of the CG&N Committee and the Board Chair and comprises the following steps:

- The following questionnaires are prepared and approved by the CG&N Committee and the Board Chair, taking into account current issues, previous years findings and input from the Board:
  - (i) Board and Committee performance evaluation questionnaires, including an assessment of individual Trustees;
  - (ii) a Board Chair evaluation questionnaire; and
  - (iii) Committee Chair evaluation questionnaires.

Such questionnaire takes into account the responsibilities set forth in Board and Committee mandates as well as competencies and skills each individual Trustee is expected to bring to the Board.

- Each questionnaire is then sent to every Trustee and a complete set of the responses is forwarded to the Board Chair, except for the responses to the Board Chair evaluation questionnaires, which are forwarded directly to each of the Lead Trustee and the Chair of the CG&N Committee.
- Following receipt of the completed questionnaires, the Lead Trustee contacts each Trustee to discuss the answers and any comments to the questionnaires which the Trustee may have. One of the Lead Trustee and CG&N Committee chairs also discusses individually with each Trustee the Trustee's responses and comments on the Board Chair evaluation questionnaires.
- Full reports are then made by the Board Chair and CG&N Committee chair to the CG&N Committee and the Board, with suggestions to improve the effectiveness of the Board, Board committees, Board and committee chairs and individual Trustees.

In addition to the above, the Board may, from time to time, hire an independent advisor to independently assess or assist the Board in independently assessing the performance of the Board, Board committees, Board and Committee chairs and individual Trustees. Such assessment may include an individual Trustee peer assessment conducted with the assistance of the independent advisor.

## **3. BOARD CHAIR**

### **3.1 Role**

The Board Chair is a Trustee who is designated by the Board. The Board Chair's key role is to take all reasonable measures to ensure that the Board (i) carries out its responsibilities effectively and (ii) clearly understands and respects the boundaries between Board and management responsibilities.

The Board Chair may vote at meetings of the Board and at all meetings of the committees of which the Board Chair is a member.

The Board Chair may attend and participate in all meetings of the Board committees.

The Board Chair's responsibilities include the following:

**With respect to Board effectiveness:**

1. to take all reasonable steps to ensure that the Board works as a cohesive team and provide the leadership essential to achieve this;
2. to arrange for adequate resources to be available to the Board (in particular, timely and relevant information) to support its work; and
3. to take all reasonable steps to ensure that a process is in place for the regular assessment of the effectiveness of the Board, its committees and each Trustee.

**With respect to Board management the Board Chair shall:**

1. chair all Board meetings;
2. set the agenda of each Board meeting, in consultation with the Lead Trustee and Chief Executive Officer (the "CEO"), if the Board Chair is not also the CEO;
3. take all reasonable steps to ensure that the conduct of Board meetings facilitates discussions and provides adequate time for effective study and consideration of items on the agenda;
4. adopt procedures to ensure that the Board conducts its work effectively and efficiently, including the review of committee structure and composition;
5. oversee the Board's full discharge of its responsibilities;
6. take all reasonable steps to ensure that, where responsibilities are delegated to committees or individual Trustees, they are carried out and results thereof are reported to the Board; and
7. take all reasonable steps to ensure that independent Trustees meet regularly without management and other non-independent Trustees present and chair these meetings, if the Board Chair is not also the CEO.

**With respect to relationships between the Board and management, unitholders and other stakeholders, the Board Chair shall:**

1. take all reasonable steps to ensure that the expectations of the Board toward management, and the expectations of management towards the Board, are clearly expressed, understood and respected;
2. act as liaison between the Board and management. If the Board Chair is not also the CEO, this involves working closely with the CEO or, if the Board Chair is also the CEO, working closely with the Lead Trustee, to ensure that the Trust is building a healthy governance culture;
3. act in an advisory capacity to the CEO (if the Board Chair is not also the CEO) and to other senior management members in all matters concerning the interests and management of the Trust;
4. chair annual and special meetings of the unitholders; and

5. at the request of the Board, and, if the Board Chair is not also the CEO, with the agreement of the CEO, represent the Trust to external groups such as unitholders and other stakeholders, including local community groups and governments

### **3.2 Objectives and Performance Assessment**

The CG&N Committee, together with the Board Chair, develops each year objectives that the Board Chair is responsible for meeting, which objectives are submitted to the Board for approval. Every year, the Board Chair is assessed against these objectives.

As part of this assessment, a Board Chair assessment questionnaire is prepared by the Chair of the CG&N Committee, taking into account current issues and objectives, previous year's findings and input from the Board. This questionnaire is forwarded to each Board member well in advance of a meeting with the CG&N Committee chair and is used as a reference tool for meetings between the chairs of that committee and each Board member to discuss such Trustee's assessment of the Board Chair's performance during the year.

The CG&N Committee chair collates the information and meets with the Board Chair to discuss the findings and then report on the results of the Board Chair assessment process to the CG&N Committee.

## **4. COMMITTEE CHAIRS**

### **4.1 Role**

Each committee of the Board is chaired by an outside Trustee (the "**Committee chair**"). The Committee chair is responsible for the management and the effective performance of his or her committee. He or she takes all reasonable measures to ensure that the committee fully executes its mandate.

The Committee chair responsibilities include the following:

#### **With respect to committee effectiveness:**

1. to take all reasonable steps to ensure that the committee works as a cohesive team and provide the leadership to achieve this;
2. to arrange for adequate resources to be available to the committee (in particular, timely and relevant information) to support its work; and
3. to take all reasonable steps to ensure that a process is in place for the regular assessment of the effectiveness of the committee of each of its members.

#### **With respect to committee management the Committee chair shall:**

1. chair all committee meetings;
2. set the agenda of each committee meeting, in consultation with the Board Chair, when appropriate;
3. take all reasonable steps to ensure that the conduct of committee meetings facilitates discussions and provides adequate time for effective study and consideration of items on the agenda;
4. adopt procedures to ensure that the committee conducts its work effectively and efficiently; and
5. oversee the committee's full discharge of its responsibilities;

Each Committee chair shall report to the board at the next full Board meeting on the deliberations of the committee and on any decisions or recommendations of the committee.

#### **4.2 Performance Assessment**

The CG&N Committee, together with the Board Chair, annually supervises the performance assessment of each Committee chair and reports to the Board on such assessment.

### **5. CHIEF EXECUTIVE OFFICER**

#### **5.1 Role**

The CEO is responsible for the management of Boardwalk's strategic and operational agenda and for the execution of the Board's resolutions and policies.

The responsibilities of the CEO include the following:

#### **With respect to strategic planning:**

1. formulating, and recommending to the Board, a strategy that leads to unitholder value creation;
2. assuming ultimate accountability for the execution of Boardwalk's strategy and policies and, where appropriate, their communication to Boardwalk's key internal and external stakeholders; and
3. developing and recommending to the Board annual business plans and budgets that support Boardwalk's strategy and, when approved by the Board, implementing such business plans within the parameters of such budgets.

#### **With respect to operations of Boardwalk:**

1. running Boardwalk's day-to-day business operations;
2. seeing to the continuous improvement in the quality and value of the suites and service provided by Boardwalk;
3. identifying and managing the risks and opportunities that Boardwalk faces in the course of its business;
4. assuming responsibility for the hiring, compensation, performance assessment, leadership development and succession planning of management resources, subject to the approval of the Board as to senior management;
5. maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels; and
6. directing and monitoring the activities of Boardwalk in a manner that ensures that agreed upon targets are met and that the assets of Boardwalk are safeguarded and optimized in the best interests of the unitholders.

#### **With respect to governance matters:**

1. serving as Boardwalk's key spokesperson on all major issues;
2. collaborating with the Board Chair, if the Board Chair is not also CEO, or the Lead Trustee, if the Board Chair is also CEO, in the setting of Board agendas, and taking all reasonable steps

to ensure that the Board Chair or Lead Trustee, as applicable, and the Board are kept appropriately informed of the Trust's overall business operations and of major issues facing Boardwalk;

3. maintaining an effective communication link with the Board Chair or Lead Trustee, as applicable, and the Board as a whole, and meeting regularly and as required with the Board Chair or Lead Trustee, as applicable, and other Board members to ensure that they are provided in a timely manner with all information and access to management necessary to allow the Board to fulfill its statutory and other obligations;
4. fostering a corporate culture that promotes ethical practices, encourages individual integrity, and fulfills social responsibility;
5. taking all reasonable steps to ensure that Boardwalk's policies with respect to legal, accounting, safety, security and environmental standards are implemented and Boardwalk is in full compliance with applicable laws and regulations; and
6. taking all reasonable steps to ensure that Boardwalk has in place a reporting system capable of producing financial statements that fairly present Boardwalk's financial condition and enables investors to understand Boardwalk's business and to make investment decisions accordingly.

Because of the CEO's demanding role and responsibilities, the CEO shall be required, on an annual basis concurrent with his or her performance assessment, to advise the CG&N Committee of any outside, arms-length board of directors he or she has joined to ensure that such directorship(s) would not impair the CEO's ability to fulfill the responsibilities of his or her position.

## **5.2 Objectives and Performance Assessment**

The CG&N Committee, together with the CEO, develop each year corporate and personal objectives that the CEO is responsible for meeting, which objectives are submitted to the Board for review and approval. Every year, the CEO is assessed against these objectives and all other relevant criteria.

After a review of the CEO's performance by the CG&N Committee, the CG&N Committee chair and the Lead Trustee meet with the CEO to discuss such review and the CG&N Committee chair then reports to the Board on the results of the review and recommendations for Board approval of the CEO's objectives for the following year.

At the request of Mr. Sam Kolas, the Chief Executive Officer of Boardwalk, and Mr. Van Kolas, Senior Vice-President, Quality Control of Boardwalk, both individuals have continued to forego any compensation for their services on behalf of Boardwalk. Also, at the request of Mr. Sam Kolas and Mr. Van Kolas, Boardwalk annually provides an aggregate amount of \$200,000 to a scholarship program established for children of Boardwalk's associates who continue on to post-secondary education following high school.

## **6. INDEPENDENT LEAD TRUSTEE**

### **6.1 Role**

The Lead Trustee is an independent trustee who is designated by the Board. The Lead Trustee's key role is to take all reasonable measures to ensure that the Board (i) has structures and procedures in place to enable it to function independently of management, (ii) carries out its responsibilities effectively and (iii) clearly understands and respects the boundaries between Board and management responsibilities.

The Lead Trustee may vote at meetings of the Board and at all meetings of the committees of which the Lead Trustee is a member.

The Lead Trustee may attend and participate in all meetings of the Board committees.

The Lead Trustee's responsibilities include the following:

**With respect to meetings of the independent trustees, the Lead Trustee shall:**

1. call and chair all meetings of the independent trustees;
2. set the agenda of each meeting of the independent trustees<sup>†</sup>;
3. take all reasonable steps to ensure that the conduct of such meetings facilitates discussions and provides adequate time for effective study and consideration of items on the agenda;
4. adopt procedures to ensure that the independent trustees conduct their work effectively and efficiently;
5. take all reasonable steps to ensure that, where responsibilities are delegated to committees or individual trustees, they are carried out and results thereof are reported as directed;
6. take all reasonable steps to ensure that independent trustees meet regularly without management and other non-independent trustees present and chair these meetings;
7. ensure that a process is in place to regularly assess the effectiveness of the Board, its committees, and individual trustees; and
8. consult with the Board Chair to set the agenda for Board meetings.

**With respect to relationships between the independent trustees and management, the Lead Trustee shall:**

1. ensure Board leadership in times of crisis; take all reasonable steps to ensure that the expectations of the independent trustees toward management, and the expectations of management towards the independent trustees, are clearly expressed, understood and respected;
2. act as liaison between the independent trustees and management. This involves working closely with the Board Chair to ensure that Boardwalk is building a healthy governance culture;
3. act in an advisory capacity to the Board Chair and to other senior management members in all matters concerning the interests and management of Boardwalk;
4. at the request of the Board, and with the agreement of the Board Chair, represent Boardwalk to external groups such as unitholders and other stakeholders, including local community groups and governments; and
5. Chair Board meetings when the Board Chair is not in attendance.

---

<sup>†</sup> Meetings of the independent Trustees without the presence of the Chairman are not intended to cover the breadth or scope of subjects discussed at meetings of the full Board. Such meetings are usually limited to non-operational or non-strategic matters such as conflicts of interest.

## **6.2 Performance Assessment**

The Lead Trustee will be elected by the independent members of the Board annually, and shall be fully independent of management. The Lead Trustee shall commit to a term of three (3) years, with the option to continue for one second term subject to Board support. The independent members of the Board will annually assess the performance of the Lead Trustee.

## **7. CORPORATE SECRETARY**

The Corporate Secretary provides a communication and information link between the Board, management and unitholders, with particular emphasis on facilitating the flow of information. The Corporate Secretary receives information from management and takes all reasonable steps to ensure that it is formulated so as to facilitate effective Board and committee evaluation, discussion and decision-making. The Corporate Secretary advises management of Board and committee comments and decisions and is the custodian of the corporate records.

The Office of the Corporate Secretary is responsible for arranging the logistics of Board and committee meetings.

The Corporate Secretary acts as an advisor or arranges for the provision of independent advice to the Board and its committees on legal and procedural matters and assists the Board Chair and the CG&N Committee in providing Trustee orientation and continuing education programs.

The Corporate Secretary serves as a source of expertise and advice to the CG&N Committee on new developments in corporate governance and best practices.

The Corporate Secretary abides by applicable rules and standards of professional conduct imposed by law or adopted from time to time by regulatory authorities.

The Corporate Secretary takes all reasonable steps to ensure the relevance, on a continuous basis, of Boardwalk's DoT, administrative resolutions and policies, as well as of Boardwalk's Corporate Governance Manual and Code of Business Conduct.

The Corporate Secretary reports to the Board Chair and the CEO and is assessed annually on his performance by the President and CEO, after consultation with the Lead Trustee.

## **8. BOARD COMMITTEES**

It is Boardwalk's policy that, as a general rule, committees make recommendations to the Board, which has the decision authority unless otherwise required by law. However, the Board may, from time to time, delegate its decision authority or part thereof to a committee or an individual, subject to applicable laws.

The committee structure of the Board includes the following committees: Audit and Risk Management and Compensation, Corporate Governance and Nominating..

The members and chairs of the committees are recommended to the Board by the Board Chair in consultation with the CG&N Committee. New members of each committee will be chosen taking into account their skills and qualifications so that the committees may properly oversee the discharge of the responsibilities delegated to them by the Board;

The Board has adopted, and annually reviews, the Charters governing the mandate and responsibilities of the Board committees.

## **8.1 Audit and Risk Management Committee**

### **8.1.1 Membership and Quorum**

- a minimum of three Trustees appointed by the Board;
- only Independent (as determined by the Board) Trustees may be appointed. A member of the Audit and Risk Management Committee may not, other than in his or her capacity as a Trustee or member of a Board committee and subject to the exceptions provided in Canadian laws and regulations, accept directly or indirectly any fee from Boardwalk or any subsidiary of Boardwalk nor be an affiliated person of Boardwalk or any subsidiary of Boardwalk;
- each member must be “financially literate” (as determined by the Board); and
- quorum of majority of members.

### **8.1.2 Frequency and Timing of Meetings**

- normally one day prior to Boardwalk Board meetings;
- at least five (5) times a year and as necessary;
- committee members meet before or after every meeting without the presence of management.

### **8.1.3 Mandate**

1. The Audit and Risk Management Committee’s primary duties and responsibilities are to:
  - a. identify and monitor the management of the principal risks that could impact the financial reporting of Boardwalk;
  - b. monitor the integrity of Boardwalk’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
  - c. monitor the independence and performance of Boardwalk’s external auditors;
  - d. deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
  - e. directly oversee the external audit process and results (in addition to items described in Section 4 below);
  - f. provide an avenue of communication among the external auditors, management and the Board; and
  - g. ensure that an effective anonymous "whistle blowing" procedure exists to permit stakeholders to express concerns regarding accounting or financial matters to an appropriately independent individual.
2. The Audit and Risk Management Committee shall have the authority to:
  - a. inspect any and all of the books and records of Boardwalk, its subsidiaries and affiliates;
  - b. discuss with the management of Boardwalk, its subsidiaries and affiliates and senior staff of Boardwalk, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit and Risk Management Committee considers necessary and appropriate;

- c. engage independent counsel and other advisors as it determines necessary to carry out its duties; and
  - d. set and pay the compensation for any advisors employed by the Audit and Risk Management Committee.
- 3. The Audit and Risk Management Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
- 4. The Audit and Risk Management Committee shall:
  - a. review the audit plan with Boardwalk's external auditors and with management;
  - b. discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
  - c. review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
  - d. review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
  - e. review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
  - f. review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;
  - g. consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of Boardwalk and subsequent follow-up to any identified weaknesses;
  - h. review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public; and
  - i. before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and press releases.
- 5. The Audit and Risk Management Committee shall:
  - a. evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor or the discharge of the external auditor when circumstances are warranted and the compensation of the external auditor;
  - b. pre-approve all non-audit services to be provided to Boardwalk or its subsidiary entities by Boardwalk's external auditors;

- c. approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, considering the potential impact of such services on the independence of the external auditors;
  - d. when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Policy 31 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition period; and
  - e. review all reportable events as determined on the advice of counsel, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.
6. The Audit Committee shall:
- a. evaluate Boardwalk's policies with respect to ensuring compliance with environmental regulations applicable to Boardwalk's assets and shall periodically obtain assurance from management that such policies have been applied;
  - b. evaluate Boardwalk's policies with respect to derivative trading and hedge transactions and periodically obtain assurance from management that such policies have been adhered to;
  - c. evaluate Boardwalk's policies with respect to disaster recovery, including policies and programs for computer systems and buildings;
  - d. annually review the amount and terms of any insurance to be obtained or maintained by Boardwalk with respect to risks inherent in its operations and potential liabilities incurred by the trustees or officers in the discharge of their duties and responsibilities; and
  - e. evaluate risks related to fraud in financial reporting and provide recommendations to management of procedures to manage such risks.
7. The Audit and Risk Management Committee shall annually review the amount and terms of any insurance to be obtained or maintained by Boardwalk with respect to risks inherent in its operations and potential liabilities incurred by the trustees or officers in the discharge of their duties and responsibilities.
8. The Audit and Risk Management Committee shall provide advice to the Board regarding the appointment of the Chief Financial Officer.
9. The Audit and Risk Management Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Audit and Risk Management Committee by any member of the Board, a unitholder of Boardwalk, the external auditors, or senior management.
10. The Audit and Risk Management Committee shall annually review with management the need for an internal audit function.
11. The Audit and Risk Management Committee shall establish and maintain procedures for:
- a. the receipt, retention and treatment of complaints received by Boardwalk regarding accounting controls, or auditing matters; and
  - b. the confidential, anonymous submission by employees of Boardwalk on concerns regarding questionable accounting or auditing matters.

12. The Audit and Risk Management Committee shall review and approve Boardwalk's hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.
13. The Audit and Risk Management Committee shall review with Boardwalk's internal legal counsel as required but at least annually, any legal matter that could have a significant impact on Boardwalk's financial statements, and any enquiries received from regulators, or government agencies.
14. The Audit and Risk Management Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Audit and Risk Management Committee.
15. In contributing to the Audit and Risk Management Committee's discharging of its duties under this Charter, each Member shall be entitled to rely in good faith upon:
  - a. accounting information of Boardwalk represented to him by an officer of Boardwalk or in a written report of the auditors; and
  - b. any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

In contributing to the Audit and Risk Management Committee's discharging of its duties under its Charter, each member shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in its Charter is intended, or may be construed, to impose on any member a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Audit and Risk Management Committee's duties is the monitoring and reviewing to gain reasonable assurance (but not to ensure) that Boardwalk's business activities are being conducted effectively and that the financial reporting objectives are being met and to enable the Audit and Risk Management Committee to report thereon to the Board.

As appropriate, the Audit and Risk Management Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair; the Committee makes arrangements for the appropriate funding for payment of the external auditors and any advisors retained by it. The Board also provides appropriate funding for all administrative expenses necessary or appropriate to allow the Audit and Risk Management Committee to carry out its duties.

The Audit and Risk Management Committee has direct communication channels with the internal and external auditors to discuss and review specific issues, as appropriate. In addition, each must meet separately with the Audit and Risk Management Committee, without management, as frequently as required; the Audit and Risk Management Committee must also meet separately with management as frequently as required.

The Audit and Risk Management Committee shall report to the Board regularly on its deliberations and annually on the adequacy of its mandate.

Nothing contained in the above mandate is intended to assign to the Audit and Risk Management Committee the Board's responsibility to ensure Boardwalk's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the Trustees or the members of the Audit and Risk Management Committee. Even though the Audit and Risk Management Committee has a specific mandate and its members may have financial experience and expertise, it is not the duty of the Audit and Risk Management Committee to plan or conduct audits, or to

determine that Boardwalk's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Such matters are the responsibility of management, the internal auditors and the external auditors.

Members of the Audit and Risk Management Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to Boardwalk by the external auditors.

The Audit and Risk Management Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) Boardwalk's financial statements have been prepared and, if applicable, audited in accordance with generally accepted accounting principles or generally accepted auditing standards.

## **8.2 Compensation, Governance and Nominating Committee**

### **8.2.1 Membership and Quorum**

- a minimum of three (3) Trustees appointed by the Board;
- only Independent Trustees shall be appointed; and
- quorum of majority of members.

### **8.2.2 Frequency and Timing of Meetings**

- normally one day prior to Boardwalk Board meetings; and
- at least two (2) times a year and as necessary.

### **8.2.3 Mandate**

The responsibilities of the CG&N Committee include the following:

- 1) ensuring the adequacy and equity of compensation arrangements for all employees and Trustees of Boardwalk and its subsidiary entities;
- 2) reviewing principles of good corporate governance that are appropriate for Boardwalk and making recommendations to the Board of Trustees to ensure that Boardwalk adopts and follows best governance practices
- 3) assessing the necessary competencies of the Board of Trustees and overseeing new candidates for the Board of Trustees to determine that such candidates contribute to the necessary skills and competencies of the Board of Trustees as a whole.

In discharging its mandate with respect to compensation arrangements, the CG&N Committee shall review and approve the goals and objectives of Boardwalk relevant to the Chief Executive Officer (the "CEO") of Boardwalk and evaluate the CEO's performance in meeting those goals and objectives. Based on this evaluation, the CG&N Committee shall make recommendations to the Board of Trustees with respect to the CEO's compensation level. The Committee will also make recommendations to the Board with respect to the compensation of other officers of Boardwalk and the Trustees and shall review and make recommendations to the Board of Trustees with respect to any incentive compensation plans, equity-based plans or other compensation arrangements.

The CG&N Committee shall also review executive compensation disclosure in the annual management proxy circular and any other public documents, including offering documents, prior to their public release.

In discharging its mandate with respect to governance, the Committee shall periodically assess the standards of governance of Boardwalk and review changes in recommended best governance practices and adopt such governance proposals for implementation by Boardwalk. The CG&N Committee shall make recommendations to the Board of Trustees regarding the adoption of such practices by Boardwalk.

The CG&N Committee shall also supervise the annual assessment of the effectiveness of the Board of Trustees, committees of the Board of Trustees and individual Trustees.

The CG&N Committee will review the disclosure of Boardwalk's governance practices as contained in the Annual Information Form, management information proxy circular and all other Boardwalk documents intended for publication.

In discharging its mandate with respect to nominations and orientation of new Trustees, the CG&N Committee shall periodically review the competencies and skills that the Board of Trustees as a whole should have and assess what necessary skills new Trustees might contribute. The CG&N Committee shall review the experience, qualifications, education and other appropriate factors of potential new Trustees and make recommendations to the Board of Trustees regarding the size and composition of the Board and identify appropriate candidates for the Board of Trustees to fill vacancies caused by an increase in the size of the Board or the resignation of current Trustees.

The CG&N Committee shall also be responsible for the ongoing development and implementation of Trustee education and orientation programs for new members of the Board of Trustees.

The CG&N Committee shall also:

- (a) investigate competitive practices and trends to determine the adequacy of the Boardwalk's executive compensation programs, including all forms of compensation and perquisites;
- (b) review who should participate in the various elements of the total executive compensation package; and
- (c) advise the full Board of Trustees as to necessary actions and exposure issues.

As appropriate, the CG&N Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair.

The CG&N Committee shall report to the Board regularly on its deliberations and annually on the adequacy of its mandate.

The Board shall supervise the CG&N Committee annual performance assessment.

Nothing contained in the above mandate is intended to assign to the CG&N Committee the Board responsibility to ensure Boardwalk's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the Trustees or the members of the CG&N Committee.

## **9. BOARD MEMBER ORIENTATION AND CONTINUING EDUCATION PROGRAMS**

Boardwalk has developed, for the benefit of new Trustees, a Board Orientation Program, which normally includes the following:

- presentations by Boardwalk officers or other key executives on Boardwalk's organizational structure and the nature and operation of Boardwalk's business, including a review of the current business plan. Such presentations may include visits to key business locations in order to acquaint the new Trustee with Boardwalk's business activities;
- a review with the Board Chair of the methods of operation and the roles of the Board and its committees, including a discussion of the Board performance assessment process, meeting format, access to information both included in, and outside of, the Board and Board committee meeting materials, and other factors that are important to Board effectiveness;
- a discussion on the contribution individual Trustees are expected to make (including the commitment of time and energy that Boardwalk expects from its Trustees);
- access to a summary of the legal and ethical responsibilities of Board members including a review of the Code of Business Conduct applicable to Boardwalk's Trustees, officers and employees;
- access to other appropriate information or outside resources as discussed with the Board Chair, given the new Trustee's previous experience as a member of other boards of Trustees and the new Trustee's responsibilities, both at the Board and committee levels.

In addition to the Board Orientation Program for new Trustees, the Board Chair should take all reasonable steps to ensure that Board members have access to education and information on an on-going basis and as required pertaining to the following:

- board effectiveness and the best practices associated with boards that are the most successful at adding value for their securityholders;
- briefings as required on factors or emerging trends that may be relevant to Boardwalk's current or future business strategy;
- other material as deemed appropriate by the Board Chair or as suggested to the Board Chair by other Board members.

With the prior approval of the Board Chair, Boardwalk also encourages Trustees to attend seminars and other educational programs and to report back to the Board on the quality of such programs. The expenses for such educational programs are usually split between the Trustees and Boardwalk's expense on a 50/50 basis.

## **10. TRUSTEE COMPENSATION AND EXPENSE POLICY**

The CG&N Committee annually reviews with the Board Chair and makes recommendations to the Board on the adequacy and form of the compensation for non-executive Trustees, taking all reasonable steps to ensure such compensation realistically reflects the responsibilities and risk involved, without compromising a Trustee's independence. A substantial portion of the total non-executive Trustees' compensation package should be in the form of Boardwalk trust units or trust unit equivalents in order to align the interests of Boardwalk's Trustees with the interests of its unitholders. The Board has adopted a guideline stating that each non-executive Trustee should own, within three (3) years of joining the Board, trust units, deferred trust units, restricted share units or similar unit equivalent of Boardwalk, if any, with a value of at least \$CAD 200,000. Each Trustee shall continue to hold such value throughout his or her tenure as a Trustee.

Each Trustee may elect to receive up to one hundred percent (100%) of such retainers in deferred units of Boardwalk.

Trustees who are executives of Boardwalk receive no additional remuneration for their services as Trustee.

The CG&N Committee also reviews and makes recommendations, on an annual basis, on the amount and form of the Lead Trustee's compensation.

In general, Trustees are required to follow Boardwalk's policies and procedures with respect to reimbursement of their travel expenses, which policies and procedures can be obtained from the Vice President, Human Resources and are also contained in Boardwalk's employee handbook, which is distributed to the Trustees on their election to the Board and updated on an annual basis. Specifically, and by way of example, such policies and procedures include, but are not limited to, the following:

1. Trustees will book the lowest-priced, non-stop coach class airfare available. Business class and first class are not permitted unless a letter is received from the Trustee explaining the extenuating circumstances (e.g. medical reasons) that requires such service;
2. Boardwalk has negotiated rates with a number of hotels and hotel chains in cities across Canada. Selections were based upon location, rates and hotel amenities. Reservations for all accommodations can only be booked at one of the preferred hotels. The only exceptions to this policy are as follows:
  - attendance at a conference/seminar, which is at a specific hotel; or
  - attendance at a training and development course, which is at a specific hotel;
3. Trustees will be reimbursed for meals based on reasonable actual costs accompanied by detailed original receipts. Trustees will be reimbursed for business-related meals taken with other Boardwalk employees in the following circumstances:
  - when, for confidentiality reasons, business must be conducted off Boardwalk premises, or
  - when dining with other employees on an out-of-town trip such as a conference, or
  - when authorized by the Board for reward, recognition, or other appropriate business purposes.

The cost of alcoholic beverages **WILL NOT** be considered for a business related expense unless there is prior approval from the CEO.

## **11. ACCESS TO MANAGEMENT AND TO EXTERNAL ADVISORS**

Board members have full access to executive management. Advice and counsel from Trustees to executive management occur both in formal Board and committee meetings and through informal, individual Trustees' contacts and discussions with the President, CEO, Corporate Secretary and other members of Boardwalk executive management.

The Board relies on the information that management provides to the Board and its committees. The timeliness, quality and completeness of this information is critical to the effectiveness of Board decisions and is monitored by the Board on an ongoing basis. Nonetheless, on occasion, members of the Board may seek legal or expert advice at Boardwalk's expense from a source independent of management. Hiring of such advisors is subject to Board approval, except as otherwise provided herein with respect to the Audit and Risk Management Committee and CG&N Committee.

## **12. EXECUTIVE COMPENSATION CLAWBACK POLICY**

The Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that it is in Boardwalk's best interest to do so, effect the cancellation of unvested incentive compensation awards granted to the executive officer after November 12, 2009 if: a) the amount of a bonus or incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of Boardwalk's financial statements, b) the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement, and c) the amount of the bonus or incentive compensation that would have been awarded to or the profit realized by the executive officer had the financial results been properly reported would have been lower than the amount actually awarded or received.

For the purposes of this Policy: "Board" means the Board of Trustees of Boardwalk or, if determined by the Board, one of its committees; and "executive officer" means any executive officer or former executive officer of Boardwalk who has been designated as such by the Board.

## **13. PROCEDURES RELATIVE TO COMPLAINTS REGARDING ACCOUNTING AND AUDITING MATTERS**

### **13.1 General**

The purpose of Boardwalk's complaint procedure regarding accounting and auditing matters (the "**Complaint Procedure**") is to offer an effective and confidential method for interested parties to notify the Board of any potential or real wrongdoing with respect to accounting or auditing matters.

The complaint channel is advertised through Boardwalk's Internet site, Intranet site and through Boardwalk's Code of Business Conduct.

Any person who wishes to raise issues relating to accounting and auditing matters will be asked to call, email or mail the Chair of the Audit and Risk Management Committee.

### **13.2 Protection**

The Complaint Procedure offers protection to those who disclose their concerns. No complaint will result in dismissal or disciplinary action or any other form of detriment for the complainant. Any acts of reprisal against a complainant shall be treated by Boardwalk as a very serious matter.

### **13.3 Confidentiality**

The identity of any complainant under the Complaint Procedure will be kept confidential and any complaint can be made anonymously.

### **13.4 Detailed procedures**

The Complaint Procedure is reserved for complaints related to accounting and auditing matters. Complaints about other matters made using the Complaint Procedure will be redirected to the appropriate organization or person.

Complaints will be classified in four categories: (1) Accounting, (2) External Audit, (3) Internal Audit or (4) Unclassified.

Detailed information about the complainant and the complaint allegations will be recorded and complaints details will be sent to the Chair of the Audit and Risk Management Committee for review (unless the complaint or allegations concern the Chair of the Audit and Risk Management Committee in which case it will be forwarded to the Corporate Secretary). Complainants requesting to remain anonymous will be assigned a reference number.

A quarterly report of all complaints and/or disclosures as well as any subsequent actions taken will be made to the Audit and Risk Management Committee by the Chair of that Committee or Corporate Secretary, as the case may be.

### **13.5 Procedures review**

The Complaint Procedure will be reviewed periodically.

## **14. INTERESTED PARTIES COMMUNICATIONS WITH MANAGEMENT**

In addition to the Complaint Procedure, the Board has made available a method for interested parties to communicate their concerns to the Business Conduct Committee, consisting of the Corporate Secretary, Vice Presidents, Human Resources and Customer Service, as well as the Director of Community Development. This process is posted on Boardwalk's website.

Such method allows any interested party to communicate directly by telephone or telecopier with the Business Conduct Committee at locations determined and agreed to by him or her.

The Corporate Secretary will report periodically to the Board on any valid concerns expressed by interested parties.

\*\* \*\* \* \* \* \*\*