



## **MANDATE FOR THE BOARD OF DIRECTORS**

### **INTRODUCTION**

The Board of Directors (the “Board”) of Terre Haute Industries (“THI”) is responsible for the stewardship and the general supervision of the management of the business and affairs of THI in order to ensure the long-term financial strength of THI and the creation of enduring shareholder value. The Board seeks to discharge such responsibility by reviewing, discussing and approving THI’s strategic plans and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhance and preserve the business of THI and its underlying value.

The Board shall be constituted at all times of a majority of “independent” directors.

### **DUTIES AND RESPONSIBILITIES OF DIRECTORS**

The Board discharges its responsibility for overseeing the management of THI’s business by delegating to THI’s senior officers the responsibility for day-to-day management of THI. The Board discharges its responsibilities both directly and by delegation through its standing committees.

The Board may appoint ad hoc committees to address certain issues of a more short-term nature, and may appoint new standing committees as it deems necessary and appropriate in order to discharge its duties. Each committee shall have its own charter.

The Board’s primary roles are overseeing corporate performance and appointing or overseeing the appointment and the continuity of management with the quality and depth of expertise to meet THI’s strategic objectives. Other principal duties include, but are not limited to, the following categories:

### **OVERSEEING MANAGEMENT**

- The Board is responsible for approving the appointment of the Chief Executive Officer and all other senior management, and approving their compensation, following a review of the recommendations of the Compensation Committee, and is to see that succession planning programs are in place, including programs to train and develop management.
- The Board will from time to time delegate to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified



limits. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business shall be reviewed by and are subject to the prior approval of the Board.

- The Board is, through the Compensation Committee, to establish and update THI's executive compensation policy and is to ensure that such policy aligns management's interests with those of the shareholders.

## **BOARD ORGANIZATION**

- The Board will respond to recommendations received from the Corporate Governance and Nominating Committee and the Compensation Committee, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair, Co-Chair(s), Executive Chair or Lead Director of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
- The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and is ultimately responsible for these matters and all other delegated responsibilities.
- The Board supports the separation of the role of Chair from the role of Chief Executive Officer and has selected an independent Lead Director.
- The Board will oversee the assessment, at least annually, of the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including consideration of the appropriate size of the Board.
- The Board will review selection processes for the identification and recommendation of new nominees to the Board.
- The Board will ensure that an appropriate orientation and education program for new directors is in place and that educational opportunities are provided to continuing directors.

## **STRATEGIC PLANNING**



- The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission of THI and its objectives and goals.
- The Board is responsible for reviewing the business, financial and strategic plans by which it is proposed that THI may reach those goals.
- The Board is responsible for providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.
- The Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for shareholders.

#### **MONITORING OF FINANCIAL PERFORMANCE AND OTHER FINANCIAL REPORTING**

- The Board is responsible for adopting processes for monitoring THI's progress toward its strategic and operational goals, and to revise and alter its directions to management in light of changing circumstances affecting THI.
- The Board is responsible for approving the audited financial statements and interim financial statements, and the notes and Management's Discussion and Analysis accompanying such financial statements.
- The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under THI's governing statute, including the payment of dividends, issuance, purchase and redemption of securities, acquisitions and dispositions of material capital assets, material capital expenditures, material debt facilities and the purchase of financial or other instruments designed to hedge or offset any decrease in the market value of company assets or to mitigate price variability (e.g., prepaid variable forward contracts, equity swaps, collars, exchange funds, etc.).
- The Board is responsible for the identification of the principal risks of THI's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of THI and achieving a proper balance between the risks incurred and the potential return to THI's shareholders.

#### **POLICIES AND PROCEDURES**



- The Board is responsible for approving and monitoring compliance with all significant policies and procedures by which THI is governed and approving policies and procedures designed to ensure that THI operates at all times within applicable laws and regulations and in accordance with ethical and moral standards.
- The Board is responsible for supporting a corporate culture of integrity and responsible stewardship and overseeing the discharge by THI of its responsibilities as a good corporate citizen, including environmental, health and safety and social responsibilities.
- The Board will enforce its policy respecting confidential treatment of THI's proprietary information and the confidentiality of Board deliberations.

## **COMMUNICATIONS AND REPORTING**

The Board has approved, and will revise from time to time as circumstances warrant, policies to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and international communities.

The Board is responsible for:

- A. overseeing the accurate reporting of the financial performance of THI to shareholders, other security holders and regulators on a timely and regular basis;
- B. overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- C. taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on THI;
- D. reporting annually to shareholders on its stewardship for the preceding year; and
- E. overseeing THI's implementation of systems which accommodate feedback from shareholders.

## **CERTAIN INDIVIDUAL RESPONSIBILITIES OF THE MEMBERS OF THE BOARD**

- Each member of the Board is expected to attend all meetings of the Board, unless adequate notification of absence is provided.



- Each member of the Board is expected to have reviewed all materials provided in connection with a meeting in advance of such meeting and be prepared to discuss such materials at the meeting. Management is expected to provide the necessary documents to the Board within a reasonable time in advance of the meeting to allow for Board review.