



**STATEMENT OF GOVERNANCE POLICIES
OF THE BOARD OF DIRECTORS
OF CCL INDUSTRIES INC.**

Approved by the Board of Directors
Effective November 5, 2008

INTRODUCTION

This document sets forth the charters and principles adopted by the board of directors of CCL Industries Inc. (the “Company”) for the good stewardship of the Company. These materials have been prepared based upon current and proposed regulations and guidelines. They are reviewed and updated on a regular basis to take into account applicable regulations, guidelines and best practices. This statement of policies is intended as guidance for the board of directors, for each director, and for the committees of the board in the exercise of their respective responsibilities in the governance of the Company.

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DEFINITIONS

In this document, the following capitalized terms have the meanings and definitions set forth below:

Auditor:	The firm of external auditors appointed by the shareholders of the Company from time to time to carry out the annual audit of the Company and its applicable subsidiary companies.
Board:	The board of directors of the Company.
Board Committees:	Committees of the Board described in this document or appointed for specific purposes.
CEO:	The chief executive officer from time to time of the Company.
CFO:	The chief financial officer from time to time of the Company.
Chair (or Chairman):	The Executive Chairman from time to time of the Board, or, if the context so requires, the chairperson of one of the committees of the Board.
Committee:	A committee of the Board.
Company:	CCL Industries Inc., and, where the context so requires, CCL Industries Inc. and its subsidiaries.
Director:	A director of the Company.
Executive Chairman:	The person appointed from time to time as the Executive Chairman of the Board
Financially Literate:	possessed of 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 the Company's financial statements.
Independent Director:	A Director who has no direct or indirect material relationship with the Company; a material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the Director's independent judgment, all as determined in accordance with S.1.4 of Multilateral Instrument 52-110, as amended from time to time <i>Please refer to the footnote at the end of this Statement of Governance Policies for a list of criteria for determining who would be considered to have a material relationship with the Company.</i>

Management: The management and executive staff of the Company.

Pension Committee: A committee of Management appointed by the CEO to direct the administration of the Company's various pension plans.

OSC: The Ontario Securities Commission.

Securities Counsel: A partner of the law firm relied upon by the Company for advice and counsel relating to matters of securities law and compliance therewith.

TSX: The Toronto Stock Exchange.

THE DIRECTOR

The Role of Director

Directors are elected by and accountable to the shareholders of the Company. Although directors may be elected by the shareholders to bring special expertise or points of view to Board deliberations, they are not chosen to represent a particular constituency exclusively.

Pursuant to Canadian law, directors have a fiduciary obligation to “act honestly and in good faith with a view to the best interests of the corporation.” The effect of this is that Directors owe the duties of a fiduciary to the Company. This duty is not owed to shareholders, even to a majority shareholder.

When a Director makes a material change in his or her principal occupation, the Nominating and Governance Committee will take his or her new circumstances into account to determine whether the Director should be re-nominated.

Expectations of Directors

Directors should be loyal to the Company and exercise care, diligence and skill in their dealings on behalf of the Company. They must have adequate time available to serve on the Board and should be willing to commit to an active term of 5 years, although there is no specific time frame designated for Board membership. Full Board attendance is critical to the ongoing performance of the Board. It is therefore expected that Directors will make every effort to attend all Board meetings.

Qualities generally sought in Board members include integrity, a track record of business success, leadership, fairness, decisiveness, and an active and committed interest in the work of a director.

While each new Director will be appointed on his or her merits and with consideration for the needs of the Company, the Board will give due consideration to the principle that former accounting professionals who provided services to the Company should not be nominated for at least 3 years after leaving their employment with the Company.

Orientation of Directors and Continuing Director Education

Orientation and training of Directors is monitored by the Nominating and Governance Committee. When a Director is elected to the Board, he or she will be given a letter of appointment by the Executive Chairman outlining his or her duties, responsibilities, and remuneration and an orientation package including material that will assist him or her in becoming familiarised with the Company.

The orientation for a new Director will include:

- Visits to representative Company facilities, meetings with operating management and familiarisation with the Company's products, services and customers;
- An outline of the Company's history and other relevant data;
- Recent analysts' reports;
- A copy of the Statement of Governance Policies and the Directors' Information Manual;
- Information pertaining to liability insurance coverage;
- A copy of the Company's Code of Business Conduct and Ethics;
- Guidance concerning trading in the Company's securities; and
- Guidance regarding insider information.

Each Director is expected to take reasonable measures on a regular basis to enhance his or her ability to perform the role of a director both in general and within the context of the Company's business. The Nominating and Governance Committee shall have the responsibility of developing a program of continuing directors' education, which shall be established at the Company's expense. Such a program will be flexible in nature, will focus upon specific needs of the Company and may include such activities as seminars, professional association activity, presentations by expert speakers, plant visits, attendances at trade shows and presentations by management and professional staff.

Code of Business Conduct and Ethics

As stated above, Directors have a fiduciary obligation to "act honestly and in good faith with a view to the best interests of the corporation." Directors must therefore avoid conflicts of interest through their business involvements, but they should also avoid circumstances where their personal interests might conflict with their responsibilities to the Company itself. Should any such conflict arise, the Director should declare the conflict to the Chair, and abstain from voting on any matter in which such conflict might be perceived as an issue.

Directors should require that the Company be administered in accordance with proper ethical standards and applicable laws, including such laws as may apply in other countries and jurisdictions where the Company and its subsidiaries do business. Complaints addressed to Directors in that regard should be properly investigated, and any appropriate action should be taken.

The Company has adopted and the Board has approved a Code of Business Conduct and Ethics (the "Code"), to which it expects its directors, officers and employees to adhere. The Board acknowledges the Code as appropriate for the Company, and requires senior management to ensure that it is observed and enforced. Compliance with the Code is to be monitored by the Human Resources Committee. Any waivers of compliance with the Code must be approved by

the Human Resources Committee and reported to the full Board in the Committee's regular reports.

Insider Trading

In the event that a Director wishes to make a trade in the securities of the Company, he or she should advise the General Counsel of the Company (or, in his absence, the CFO) in writing (or by telephone and confirmed in writing) of his or her intended trade, and the General Counsel shall discuss the intended trade with the Executive Chairman or, in his absence, the CEO of the Company. On the basis of such discussion, the General Counsel (or the CFO, as the case may be) shall forthwith advise such Director if the trade is considered to be appropriate or inappropriate in the context of regulatory restrictions on insider trading.

Under Canadian securities laws, it is the personal legal responsibility of each of the Directors to ensure that each of their trades in the Company's securities is properly reported in accordance with applicable insider trading regulations. As of the date of this document, reports must be filed with applicable regulators within ten days of any trade by an insider in the Company's securities, using the SEDI electronic filing system. To make their insider trading filings, Directors may request the assistance of the Company's Manager, Legal Services, Suzana Furtado (416- 756-8540), or they may consult a top-tier firm of Ontario solicitors.

Share Ownership Requirements

Each Director shall be expected to acquire shares or deferred share units of the Company valued by the market as at the date of the Director's initial appointment or election at not less than twice his or her annual base retainer in directors' fees within three years of the Director's initial election or appointment, and to maintain such an interest in the capital of the Company throughout the period of his or her directorship. In the event that the annual base retainer is increased, each Director shall have three years from the date of the increase of the retainer to acquire additional shares representing the amount of the increase at market value as of the date of such increase.

Each of the Executive Chairman and the CEO of the Company shall be expected, within a reasonable period of time following his or her appointment (such period not to exceed nine months) to acquire shares or Deferred Share Units in of the Company's stock valued by the market at an amount equal to not less than two times his or her base salary as of the date of his or her appointment, and shall hold such value of shares throughout his or her term of office. Such shares may be held directly or indirectly.

Access to Management and to Independent Counsel

The Directors of the Company are entitled to be fully briefed on the nature and consequences of the issues put before them, and, through the Executive Chairman, to have direct access to senior management of the Company. Accordingly, in respect of any material matter before the Board (i) wherever it is required by law; (ii) where any Director believes that it is advisable in the best interests of the Company; or (iii) wherever a Director feels it is necessary or advisable in order to properly discharge his or her director's responsibility, any Director may, following consultation with the Executive Chairman, retain independent counsel at the expense of the Company to advise the Director, and, if appropriate, the Board, on any material matter before the Board or a Committee or related to the responsibilities of the Director.

THE BOARD

The Composition of the Board

The following summarises guidelines for Board composition:

- The Board should have between 8 and 12 Directors as established by the Board from time to time.
- The Company will seek to maintain a majority of independent Directors.
- The roles of the Executive Chairman and the CEO shall be separate.

The Charter of the Board

The following is the mandate of the Board. Certain responsibilities may be delegated to Board Committees as permitted by law.

- Advocate and support the best interests of the Company.
- Annually review and approve strategic, business and capital plans for the Company, monitor Management's execution of such plans and require appropriate action to be taken when performance falls short of goals; review at least annually a strategic plan which takes into account the opportunities and risks of the business.
- Ascertain whether specific and relevant corporate measurements are developed and ensure the integrity of the internal control and management information systems that are in place with regard to business performance.
- Select, evaluate, and compensate the Executive Chairman and the CEO.
- Satisfy itself of the integrity of the Executive Chairman and the CEO, and other senior officers, and that these individuals create a culture of integrity throughout the Company.
- Identify and review the principal risks of the Company's business and pursue the implementation by management of appropriate systems to manage such risks.
- Review measures implemented and maintained by the Company to ensure compliance with statutory and regulatory requirements.
- Monitor the practices of Management against the Company's disclosure policy to ensure appropriate and timely communication of material information concerning the Company to its shareholders.
- Monitor overall safety and environmental programs.
- Monitor the development and implementation of programs for Management succession and development which programs include training and monitoring senior Management.

- Monitor the evaluation and compensation of senior Management.
- Develop or approve selection criteria for new candidates for directorship.
- Implement measures for receiving feedback from shareholders, including the monitoring of the use of the Company's website as a means of receiving and responding to comments and questions from interested persons.
- Establish and communicate to Management the Board's expectations of Management.
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- Develop the Company's approach to corporate governance, including the development of a set of corporate governance principles and guidelines that are specifically applicable to the Company, which responsibility may be delegated to a Committee composed of independent, non-management Directors.
- Develop and review as part of the Board's Governance Policy, the expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at Board Meetings and advance review of meeting materials.
- Discharge such other duties as may be required in the good stewardship of the Company.

Board Approvals

In addressing its mandate, the Board assumes responsibility for the following approvals:

Financial Approvals:

- Strategic plan, annual business and capital plans
- Annual financial statements and auditors' report
- Quarterly financial statements and press release
- Budgeted capital expenditures in excess of \$4,000,000*
- Unbudgeted capital expenditures in excess of \$2,000,000*
- All acquisitions, divestitures and joint ventures, and any capital calls or further investments in joint ventures and trade investments
- Significant refinancings by debt or equity
- Dividend policy
- Share re-purchase programs

* Amounts stated in Canadian Dollars. Currency conversion set at rates prevailing at the time the matter is presented for approval or action.

Human Resources Approvals:

- Appointment / succession/ dismissal of Executive Chairman or CEO
- Directly or by delegation to the Human Resources Committee:
 - (a) compensation and incentive arrangements for Executive Chairman and CEO and those officers reporting directly to the CEO; and

- (b) employment/termination agreements for corporate officers reporting directly to the CEO.

Administration and Compliance Approvals:

- Appointment of Board Committees and their Chairs
- Nomination of Directors
- Recommendation of Auditors to the Shareholders
- Proxy circular, Management's Discussion & Analysis and Annual Information Form
- Appointment of Executive Chairman
- Major policies

Board and Committee Meetings

The Board is committed to effective and time efficient meetings. Below are the guidelines that have been developed to assist in optimizing meeting effectiveness.

Meetings: Meetings of the Board will be held on written notice in accordance with the by-laws of the Company. In the event that circumstances require an emergency meeting without formal notice, such meeting will not be considered effective unless and until written waivers of notice have been received by the Secretary of the Company from those Directors not in attendance at the meeting.

There will be a minimum of six Board meetings per year, two of which are to be devoted to strategy and budget, respectively.

An *in camera* session from which non-independent Directors and members of Management shall be excluded will be available for all independent Directors at every regularly scheduled Board and Committee meeting, and upon the specific request of any Independent Director.

Each Committee will meet at least four times annually.

Non-directors may, by invitation, attend portions of the Board and Committee meetings.

It is the intention of the Board to hold one Board meeting per year at a plant location.

Telephone conference meetings shall be considered valid if all Directors in attendance are able to hear each other and participate.

Information: An agenda and briefing material will be sent to Directors one week in advance of the Board meeting.

Advance briefing material will include information that provides a meaningful perspective on the matters to be considered by the Board with the relevant business information. Directors will be expected to have reviewed such briefing materials prior to the meeting.

Minutes of the Board and minutes of Committee meetings will be deposited with the Secretary for filing with the Company's corporate records. Reports of Committee meetings will be presented to all Directors at regularly scheduled meetings and minutes of such meetings will be available to Directors on request.

Information such as financial summaries, capital requests, etc. will be standardised for ease of review.

Board presentations will be standardised as much as possible, will be concise, and only provide highlights of advance briefing materials.

Although Directors have access to any employee, it is expected that requests for specific information will be channelled through the Executive Chairman.

Assessment of the Board

Every second year (or with such greater frequency as the Board may from time to time deem appropriate), the Nominating and Governance Committee shall initiate an assessment of the Board. The scope of such assessment, together with an assessment plan and methodology, shall be determined by the Nominating and Governance Committee, and may (but need not in every instance) include an assessment of the effectiveness and contribution of all or any of the Committees and of the individual Directors. An assessment should consider the Board's written mandate, the charter of each Board Committee and the position description applicable to each individual Director, as well as competencies and skills each Director is expected to bring to the Board.

An assessment of the Board, including any assessment of the Committees and Directors, shall be conducted primarily through the administration of a questionnaire, followed by interviews with individual Directors. The findings of the assessment shall be presented to the Board as a whole in the form of a report by the Chair of the Nominating and Governance Committee. Such report shall review the findings of the assessment and propose any action that might be taken to improve performance.

The Nominating and Governance Committee may retain the services of outside experts for the purpose of conducting the Board assessment, or it may rely upon its own resources or upon the resources of Management.

Status Reporting

The Determinations of Independent Directors and any significant shareholders are made by the Board and formalised in the context of approval of the annual management proxy circular and the governance practices disclosure section contained therein.

BOARD COMMITTEES

In order to more efficiently discharge its responsibilities, the Board has established an Audit Committee, a Human Resources Committee, a Nominating and Governance Committee and an Environment and Health & Safety Committee. The Board may, from time to time, establish *ad hoc* committees to address specific issues.

Composition of Committees

The standing Board Committees are established following each annual general meeting of shareholders. Recognising qualifications and availability, each independent Director will be appointed to at least one Committee during his or her term. Committee appointments are not made on a permanent basis, and will be reviewed annually. The Board shall appoint a Chair for each Committee. It is desirable that the Chair be rotated among Committee members from time to time. The Audit Committee, the Human Resources Committee and the Nominating and Governance Committee should be composed entirely of independent Directors. The Audit Committee must be composed of a minimum of three Directors of the Company.

The Chair of each Board Committee directs the operations of the Committee through the establishment of the agenda for meetings, which are called at regular intervals and as may be necessary to meet the requirements of the Company. The Chair of each Board Committee reports on the activities of the Committee at Board meetings. Each Board Committee has the authority to engage, instruct and compensate, at the Company's expense, any outside advisor it determines to be necessary to carry out its duties.

Committee Chairs

The Chair of each Committee of the Board shall be an independent Director appointed by the Board as a whole following each annual meeting of shareholders, and shall hold such office until the next annual meeting of shareholders or until his or her successor is elected or appointed. It is the role of a Committee Chair to organize and direct the activities of the Committee, to call meetings of the Committee as appropriate, to establish agendas for each such meeting and to chair such meetings. The Committee Chair has responsibility to ensure that matters set forth in the charter and cyclical agenda of the Committee are given due consideration in the course of the Committee's annual activities. He or she is expected to encourage full participation in the deliberations and activities of the Committee by each of its members, and to report on such activities to the full Board at its quarterly meetings.

Charter of the Audit Committee

The principal purpose of the Audit Committee is to provide a forum for detailed discussion, examination and review of the Company's auditing needs, financial reporting, and information systems activities and the selection, instruction, evaluation and compensation of external and internal auditors of the Company and external providers of financial and information management systems services to the Company. Qualifications for membership in the Audit Committee include status as an independent Director, financial literacy and an interest in supervising the financial management and reporting of the Company. Members of the Committee are selected and removed by a vote of the Board. The structure of the Committee consists of a Chair and two or three Directors appointed by the Board. In accordance with OSC requirements¹, the Audit Committee must be composed of a minimum of three Directors of the Company, each of whom must be independent and "Financially Literate", meaning possessed of 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 the Company's financial statements. The Executive Vice President and CFO acts as staff facilitator to the Committee. The Audit Committee has the authority to communicate directly with the internal and external auditors. The mandate of the Audit Committee of the Board is as follows:

- Review the quality and acceptability of the accounting policies, principles and practices of the Company.
- Review the quarterly and year-end financial statements, Management's Discussion and Analysis, and earnings press releases of the Company before the Company publicly discloses this information, and report its findings for approval to the Board. In addition, the Audit Committee shall review the annual Management Information Circular and the Annual Information Form of the Company and ensure that the prescribed disclosure regarding the Audit Committee is contained in the Annual Information Form and is cross-referenced to the Annual Information Form from the Management Information Circular.
- Monitor the adequacy and integrity of internal controls over accounting and financial systems and ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure stated immediately above, and periodically assess the adequacy of the those procedures.
- Monitor the timely communication of accurate financial information regarding the Company to the shareholders.
- Evaluate and recommend to the Board the Auditor to be nominated to prepare or issue an audit report or perform other audit, review or attestation services for the Company, and the compensation of the Auditor. Ensure that the Auditor reports directly to the Audit Committee.
- Monitor the independence of the Auditor, and assume direct responsibility for overseeing the work of the Auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services for the Company, including the resolution of

¹ Multilateral Instrument 52-110 Audit Committees, section 3.1(3)

disagreements between Management and the Auditor regarding financial reporting and communicate directly with the Auditor for the discussion and review of any issues as appropriate. In addition, the Audit Committee shall require and receive from time to time the written confirmation of the Auditor as to its independent status and as to its good standing with the Canadian Public Accountability Board.

- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its Auditor. Authority to pre-approve non-audit services may be delegated to one or more independent members of the Audit Committee, provided that the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.
- Review the results of internal and external audits, and any change in accounting practices or policies and their impact on the financial statements and maintain oversight responsibility for management reporting on internal control.
- Review the reports of the internal audit department of the Company and provide direction and guidance to the internal auditors.
- Where there are unsettled issues raised by the Auditor that do not have a material affect on the annual audited financial statements, require that there be a written response identifying a course of action that would lead to their resolution.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review and approve the Company's hiring policies regarding partners and employees and former partners and employees of the present and former Auditor of the Company.
- Review and monitor the adequacy and integrity of the Company's management information systems.
- Monitor the adequacy of financial resources.
- Review the quality of the asset side of the balance sheet of the Company.
- Review risks facing the Company.
- Review and assess the adequacy of the charter of the Audit Committee on an annual basis.

Charter of the Human Resources Committee

The principal purpose of the Human Resources Committee is to provide a forum for detailed discussion, examination and review of the Company's needs and practices in the selection, evaluation and compensation of officers and employees. Qualifications for membership in the Human Resources Committee include status as an independent Director and an interest in human resources development and administration. Members of the Committee are selected and removed by a vote of the Board. The structure of the Committee consists of a Chairperson and two or three Directors appointed by the Board. The Senior Vice President Human Resources and Corporate Communications acts as secretary and staff facilitator to the Committee. The mandate of the Human Resources Committee of the Board is as follows:

- Consider and recommend executive compensation programs including base salaries, short term and long term incentives, bonuses, security-based compensation, pension and perquisite programs. These programs should be linked with the Company's business strategy and performance.
- Monitor succession planning to encourage the development of appropriate successors for the CEO and key executives as identified from time to time by the Committee.
- Annually consider and recommend corporate salary guidelines.
- In consultation with the Executive Chairman of the Board, review and approve the corporate goals and objectives relevant to the compensation of the CEO, evaluate his performance in light of those corporate goals and objectives and make recommendations to the Board with respect to his compensation level based on this evaluation.
- Approve any changes to officers reporting directly to the CEO.
- Annually consider and approve the compensation packages for senior corporate officers and inform the Board accordingly.
- Make recommendations to the Board with respect to non-CEO incentive compensation and equity-based plans
- Annually review the performance of officers reporting directly to the CEO relative to performance and compensation.
- Consider and approve employment and termination agreements for officers reporting directly to the CEO.
- Approve pension plan amendments that do not materially alter plan liabilities or reflect changes in the Company's policy towards retirement benefits, and recommend to the Board for approval those amendments that reflect material changes.
- Review and recommend for approval by the Board any newly created pension plans, registered or unregistered, or the wind up of any existing plan.

- Monitor the activities of the Pension Committee. Annually review funding and administration of the Company's pension plans and fund performance as reported by the Pension Committee and approve any material changes to the Company's Statement of Investment Policies and Goals, which governs pension fund investment strategy.
- Compensation advisors in respect of executive compensation may be retained only by or at the direction of the Human Resources Committee or the Board. No officer or employee may retain such consultants on his or her own initiative.
- Review executive compensation disclosure before the Company publicly discloses this information.
- Review and reassess the adequacy of the charter of the Human Resources Committee on an annual basis.
- Monitor the operation of the Company's Code of Business Conduct and Ethics, consider and approve any waivers of compliance with the Code and report to the full Board concerning same.

Charter of the Nominating and Governance Committee

The purpose of the Nominating and Governance Committee is to provide a forum for detailed discussion, examination and review of the Company's needs in the selection of Directors and the formation of the Committees of its Board as well as of its governance policies and practices. Qualifications for membership in the Committee include status as an independent Director and an interest in the development of corporate governance practices and procedures. Members of the Committee are selected and removed by a vote of the Board. The structure of the Committee consists of a Chairperson and two Directors appointed by the Board. The Secretary and General Counsel of the Company acts as secretary and staff facilitator to the Committee. The mandate of the Nominating and Governance Committee of the Board is as follows:

- Lead the process of recruiting, interviewing and recommending candidates to the Board. Propose new nominees for directorship to the full Board, as required.
- Develop and maintain a matrix of the skills, competencies and requirements represented on the Board and those to be sought in candidates for directorship that would be helpful to the Board and the Company, as well as a list of potential candidates for directorship responsive to such matrix of skills and needs, and consider whether each new nominee can devote sufficient time and resources to his or her duties as a Board member.
- Annually recommend membership of the Board Committees and their respective Chairs to the Board for approval.
- Monitor the orientation and training of new Directors, and provide guidance for the establishment and operation of a continuing education program for Directors.
- Facilitate the assessment of the performance of the Board, its Committees and of individual Directors through the administration of a periodic assessment exercise, and present the results to the Board.
- Annually assess the Company's compliance with the governance and disclosure guidelines of the OSC.
- Annually assess the adequacy of the Company's Statement of Governance Policies and its Disclosure Policy, and to propose any appropriate amendments to the Board.
- Review annually and recommend any changes in the compensation for Directors.
- Review and reassess the adequacy of the charter of the Nominating and Governance Committee on an annual basis.

Charter of the Environment and Health & Safety Committee

The purpose of the Environment and Health & Safety Committee (“EHS”) is to provide a forum for detailed discussion, examination and review of the Company’s needs and practices in matters pertaining to regulatory compliance in the areas of environmental control and occupational health & safety and to consider and approve new measures, practices and procedures in these areas. Qualifications for membership in the EHS include an interest in matters of environmental protection and occupational health & safety. Members of the Committee are selected and removed by a vote of the Board. The structure of the Committee consists of a Chairperson appointed by the Board and two Directors. The Vice President, Risk and Environmental Management of the Company acts as secretary and staff facilitator to the Committee. The mandate of the EHS Committee of the Board is as follows:

- Review regularly the EHS auditing procedure in place to monitor the effectiveness of compliance systems and procedures, and amend audit protocols as needed.
- Review significant compliance and other issues brought forward by the EHS officer and direct senior management to take adequate steps to correct the situation and report back on completion.
- Verify whether all Company operations have appropriate written contingency plans to deal with EHS incidents.
- Require that the Company have a documented system requiring the prompt reporting of significant events as defined in the CCL contingency plan.
- Monitor continuing commitment to EHS policy by senior management.
- Review status of significant environmental issues on an on-going basis.
- Review environmental liabilities and assessment of reserve requirements annually, and provide comment to the Audit Committee as necessary.
- Approve the winners of the annual EHS Awards.
- Review and reassess the adequacy of the charter of the EHS Committee on an annual basis.

THE EXECUTIVE CHAIRMAN

The Role of the Executive Chairman

The Executive Chairman is responsible for the management, development and effective performance of the Board, and for providing leadership to the directors in carrying out their collective responsibilities to supervise the management of the business and affairs of the Company. The Executive Chairman is also considered a member of the Senior Management Team in order to remain up-to-date with the business and as back-up to the President and CEO. Specific duties of the Executive Chairman include:

With the Board:

1. Articulate a ‘corporate vision’ for the Company and work with the President and CEO to develop and execute strategies based on the corporate vision;
2. Preside over Board meetings and meetings of the shareholders of the Company;
3. Establish the agenda for meetings of the Board in discussion with the President and CEO, and ensure the proper and timely flow of information to the Board sufficiently in advance of meetings;
4. In cooperation with the Human Resources Committee, recommend compensation awards for the President and CEO and be available to advise the Board on general compensation matters;
5. Advise the Board with respect to the performance of the President and CEO and succession planning for that position;
6. Confirm that both the Directors and Management understand the responsibilities of the Board and that the boundaries between the Board’s responsibilities and those of Management are understood and respected;
7. Lead the Board in ensuring that the Board and its Committees assume their duties and responsibilities for the stewardship of the Company as set out in the Corporate Governance policies as approved by the Board;
8. Act as a liaison between the Company’s management and the Board where and if required;
9. Monitor whether the Board’s Committees are working effectively;
10. Monitor whether the Board is receiving timely information of appropriate quality before, during and after Board meetings;
11. Communicate with the President and CEO regarding concerns of the Board, shareholders, other stakeholders and the public; and
12. Carry out other duties requested by the Directors, as needs and circumstances arise.

With the President and CEO:

1. Work closely with the President and CEO to develop executive succession planning options to support the Company’s strategies and to capitalize on opportunities for growth and acquisitions;
2. Work closely with the President and CEO and the Chair of the Nominating and Corporate Governance Committee to further the creation of a healthy corporate governance culture within the Company;
3. Assist the President and CEO and other members of the senior management team in the short and long range planning activities of the Company including acquisition and growth strategies;

4. Ensure the development, on an annual basis, of the corporate objectives, which the President and CEO is responsible for meeting, for the review and approval of the Board;
5. In conjunction with the President and CEO, represent the Company before its stakeholders, including shareholders, managers and employees, the investment community, the industry and the public;
6. Develop and maintain a good working relationship between the office of the Executive Chairman, the President and CEO, and the Board to assure open communications, cooperation, interdependence, mutual trust, respect, and commonality of purpose;
7. Review and approve the travel and entertainment expenses of the President and CEO;
8. Act as the principal sounding board, advisor and confidant for the President and CEO, including helping to review strategies, define issues, maintain accountability and build relationships; and
9. All recommended compensation changes, hiring and termination of direct reports to the President and CEO shall only be done after consultation between the Executive Chairman and President and CEO.

Assessment of the Executive Chairman

A performance assessment of the Executive Chairman will be carried out on an annual basis at the same period as the Board is asked to assess the performance of the President and CEO. The assessment of the performance of the Executive Chairman will be initiated by the Chair of the Human Resources Committee and involve one-on-one discussions with each member of the Board. The Chair of the Human Resources Committee shall use, as a basis for such assessment, the description of the role of the Executive Chairman set forth in this document, as well as such other evaluation criteria as the Chair of the Human Resources Committee or the Directors interviewed may deem appropriate or useful. The Chair of the Human Resources Committee shall discuss the results and findings of the evaluation with the Executive Chairman personally. Following such discussion, the Chair of the Human Resources Committee shall release the results of the evaluation in the form of a report to the other Directors.

THE PRESIDENT AND CEO

The Role of the President and CEO

The President and CEO (the “CEO”) is appointed by and answerable to the Board for every aspect of the direct management and administration of the Company. The CEO’s primary responsibilities include the following:

1. Developing and recommending to the Board viable rolling three-year strategic plans consistent with the vision of the Board and the Executive Chairman and the annual business plans and budgets that support the Company’s long-term strategy;
2. Ensuring the Company’s balance sheet is managed to minimize the cost of capital and to ensure that sufficient liquidity exists to execute the corporate vision;
3. Monitoring the performance of the Company against the strategic plan, the business plan, the capital plan and the budgets and reporting to the Board on such performance at meetings of the Board;
4. Ensuring that all financial reports and any capital projects coming to the Board for either review or approval are first vetted by the Executive Chairman to ensure that the Directors are given sufficient time to review and consider projects that are submitted for approval;
5. Ensuring that the day-to-day business affairs of the Company are appropriately managed, and delineating the specific responsibilities of Management;
6. Striving to achieve the Company’s financial and operating goals and objectives;
7. Ensuring, as part of his or her overall responsibility for human resources strategy, that the Company has an effective management team below the level of the CEO and that it has an active plan for its development, succession and compensation;
8. Striving to achieve for the Company a strong competitive position within its industries;
9. Formulating and overseeing the implementation of major corporate policies;
10. In collaboration with the Executive Chairman, serving as the chief spokesperson for the Company, representing the Company to the financial community, industry groups, key customers, representatives of government and regulatory agencies and the general public;
11. Certifying financial disclosure and reporting documents in accordance with rules and guidelines promulgated by the OSC from time to time; and
12. Identifying and managing the business risks facing the Company.

Assessment of the CEO

The performance of the CEO will be assessed annually, with semi-annual feed-back as may be desired either by the CEO or the Executive Chairman. The assessment will be carried out by the Board in accordance with the guidelines and procedures set forth below.

It is the responsibility of the Executive Chairman to initiate proceedings for the performance assessment of the CEO in December of each year through a consultation with each Director concerning his or her general observations, issues and comments regarding the performance and attainment of objectives of the CEO.

The Executive Chairman will then consult with the Chair of the Human Resources Committee as to the Executive Chairman's findings, and they will establish a discussion position on the assessment of the performance of the CEO on his or her long-term and short-term objectives and on the development of further objectives and standards for the CEO.

The Executive Chairman will then meet with the CEO the following January to advise of the general observations, issues and comments concerning the past performance of the CEO and agree upon long-term and short-term objectives and standards of performance going forward.

The criteria of assessment for objectives and performance standards should be of both a quantitative and qualitative nature. The objectives and performance standards may spread over a one to three year period. Objectives that will not be attained within an annual time frame will be assessed annually based on progress made toward achieving the objective.

The CEO and the Executive Chairman will also agree on the appropriate weighting of objectives and standards of performance in the evaluation process. The evaluation should consider the following four areas, recognizing that the first will carry the most weight:

- 1) assessing performance in realizing the approved strategic and financial plans of the Company;
- 2) measuring standards of performance against goals set with the Executive Chairman;
- 3) consistency of performance; and
- 4) benchmarking the Company's performance against appropriate comparable companies or competitors if available.

Following the annual performance assessment, the Executive Chairman will report the results of the assessment and the newly established goals and objectives of the CEO to the Board (the CEO being excused for the presentation). The Executive Chairman will provide feedback to the CEO of any comments from the Board received in consequence of the report.

The Human Resources Committee will recommend to the Board the compensation for the CEO at the end of each year, based on Company and personal performance, and competitive information.

An informal mid-year review may occur, at the request of the CEO or the Executive Chairman, to discuss progress and issues relating to the objectives or other matters arising. The Executive Chairman will consult with the individual Board members in preparation for this review.

THE ROLE OF THE LEAD DIRECTOR

The Executive Chairman of the Company is not an independent director due to his controlling shareholdings and his role as a member of the senior management group of the Company. Therefore, in keeping with the spirit and intent of good corporate governance and following the recommendations of the corporate governance guidelines set out by the Canadian Securities Administrators, the Board has appointed one of its independent directors to fill the role of Lead Director. The following outlines the duties and responsibilities of the Lead Director:

1. To develop the agenda for '*in camera*' Board meetings where non-independent Directors and members of Management are excluded;
2. To act as liaison between Management and the Board where and if required;
3. To chair Board meetings in the absence of the Executive Chairman;
4. To consider any other appropriate structures and procedures to ensure that the Board can function independently of Management;
5. To undertake the lead on any other corporate governance matters that the Board may request from time to time;
6. To report to the Executive Chairman concerning the deliberations of the independent directors as required;
7. To provide feedback to the Executive Chairman and act as a sounding board with respect to strategies, accountability and other issues; and
8. To review and approve the travel and entertainment expenses of the Executive Chairman.

FOOTNOTE:

GLOSSARY OF TERMS

The following texts set forth the definitions of various terms as they appear in the applicable Multilateral Instruments and proposed Multilateral Instruments.

Independent Director – Audit Committee²

- 1.4(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the issuer.
- 1.4(2) For the purposes of subsection (1), a material relationship means a relationship which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment.
- 1.4(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
- (a) an individual who is, or has been, an employee or executive officer of the issuer, unless the prescribed period has elapsed since the end of the service or employment;
 - (b) an individual whose immediate family member is, or has been, an executive officer of the issuer, unless the prescribed period has elapsed since the end of the service or employment;
 - (c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
 - (d) an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;
 - (e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the issuer's current executive officers serve on the entity's compensation committee, unless the prescribed period has elapsed since the end of the service or employment;
 - (f) an individual who
 - (i) has a relationship with the issuer pursuant to which the individual may

² Multilateral Instrument 52-110 – *Audit Committees* – section 1.4.

accept, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(ii) receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee, unless the prescribed period has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation.

(g) an individual who is an affiliated entity of the issuer or any of its subsidiary entities.

1.4(4) For the purposes of subsection (3), the prescribed period is the shorter of

(a) the period commencing on March 30, 2004 and ending immediately prior to the determination required by subsection (3); and

(b) the three year period ending immediately prior to the determination required by subsection (3).

1.4(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued service.

1.4(6) For the purposes of clause (3)(f), compensatory fees and direct compensation do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

1.4(7) For the purposes of subclause (3)(f)(i), the indirect acceptance by a person of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) a person's spouse, minor child or stepchild, or a child or stepchild who shares the person's home; or

(b) an entity in which such person is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in

providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

1.4(8) Despite subsection (3), a person will not be considered to have a material relationship with the issuer solely because he or she

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or any board committee, other than on a full-time basis.

Independent Director – Board of Directors, All Other Committees³

1.2 Meaning of Independence – (1) A director is independent if the he or she has no direct or indirect material relationship with the issuer. (2) For the purposes of subsection (1), a “material relationship” is a relationship, which could, in the view of the issuer’s board, reasonably interfere with the exercise of a director’s independent judgement. (3) Despite subsection (2), an individual described in subsection 1.4(3) of Multilateral Instrument 52-110 *Audit Committees* (other than an individual described in clauses 1.4(3)(f)(i) or (g) of that instrument) is considered to have a material relationship with the issuer.

Please note that the only difference between this definition and the definition of “independence” under Multilateral Instrument 52-110 – *Audit Committees* is that, for the purposes of this proposed instrument, individuals under subsections 1.4(3)(f)(i) and (g) of Multilateral Instrument 52-110 – *Audit Committees* are not considered to have a material relationship with the Company. In other words, the test for director independence is more onerous for audit committee membership than it is for board and board committee (other than the audit committee) membership.

³ Proposed Multilateral Instrument 58-101 – Disclosure of Corporate Governance Practice section 1.2(3)