

REITMANS (CANADA) LIMITED
BOARD OF DIRECTORS MANDATE

1. **MANDATE**

1.1 **Mandate** – In adopting this Mandate, the Board explicitly assumes responsibility for the stewardship of the Corporation, as contemplated by the Canadian securities administrators' corporate governance guidelines.

2. **DEFINITIONS**

2.1 **Definitions** – In this Mandate:

- (a) **“Articles”** means the articles of amalgamation of the Corporation, as amended from time to time;
- (b) **“Audit Committee”** means the audit committee of the Board, as constituted from time to time;
- (c) **“Board”** means the Board of Directors of the Corporation;
- (d) **“By-laws”** means the general by-laws of the Corporation, as amended from time to time;
- (e) **“Chair”** means the chairperson of the Board;
- (f) **“CEO”** means the Chief Executive Officer of the Corporation;
- (g) **“Compensation Committee”** means the human resources and compensation committee of the Board, as constituted from time to time;
- (h) **“Corporation”** means Reitmans (Canada) Limited;
- (i) **“Director”** means a director of the Corporation;
- (j) **“Governance Committee”** means the governance committee of the Board, as constituted from time to time;
- (k) **“Independent Director”** means a Director that is independent within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees*;
- (l) **“Lead Director”** means an independent member of the Board appointed by the directors to facilitate the functioning of the Board independent of management and the Chair of the Board;
- (m) **“Mandate”** means this mandate, as amended from time to time;
- (n) **“President”** means the President of the Corporation; and

- (o) “**Strategic Planning Committee**” means the strategic planning committee of the Board, as constituted from time to time.

3. **BOARD MEMBERSHIP**

3.1 Number of Members – The Board shall consist of such number of Directors as the Board may determine from time to time, provided that such number shall be within the minimum and maximum number of Directors set out in the Articles.

3.2 Independence of Members –

- (a) At least one quarter of the Directors shall be resident Canadians.
- (b) A majority of the Directors shall be Independent Directors.

3.3 Nomination and Appointment of Directors –

(a) The Board shall nominate individuals for election as Directors by the shareholders and shall require the Governance Committee to make recommendations to it with respect to such nominations.

(b) In selecting candidates for nomination as Directors, the Board shall:

- (i) consider what competencies and skills the Board, as a whole, should possess; and
- (ii) assess what competencies and skills each existing Director possesses.

(c) The Board shall consider recommendations made to it by the Governance Committee with respect to the size and composition of the Board.

(d) In spite of the fact that Directors may be elected by the shareholders to bring a special expertise or point of view to the Board deliberations, they are not chosen to represent a particular constituency. All decisions of each Director must be made in the best interests of the Corporation.

3.4 Election and Appointment of Directors – Directors shall be elected by the shareholders at each annual meeting of shareholders or at such times, in such manner and for such term as the Articles and By-laws may prescribe, provided that each Director shall remain in office until he or she is re-elected, replaced or removed.

3.5 Vacancy – The Board may appoint a Director to fill a vacancy which occurs in the Board between annual elections of Directors to the extent permitted by the Articles.

3.6 Removal of Members – Any Director may be removed from office by an ordinary resolution of the shareholders at a special meeting of shareholders.

3.7 Additional Directors – In addition to filling vacancies on the Board, the Directors may at any time, without exceeding the number of Directors provided by the Articles, appoint one or more additional Directors who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of Directors so appointed may not exceed one-third (1/3) of the number of Directors elected at the previous annual meeting of shareholders.

4. **BOARD CHAIR**

4.1 Board to Appoint Chair – The Chair shall be an Independent Director, failing which a Lead Director will also be appointed.

4.2 Chair and Lead Director to be Appointed Annually – The Board shall appoint the Chair and the Lead Director annually at the first meeting of the Board after a meeting of the members at which Directors are elected. If the Board does not so appoint a Chair or a Lead Director, the Director who is then serving as Chair and the Director who is then serving as the Lead Director shall continue as Chair and Lead Director, respectively, until his or her successor is appointed.

5. **MEETINGS OF THE BOARD**

5.1 Time and Place of Meetings – Meetings of the Board shall be held from time to time and at such place as the Board, the Chair, the Lead Director, the chairperson of the executive committee of the Board (if such a committee is constituted), the president or any two Directors may determine.

5.2 Frequency of Board Meetings – Subject to the Articles and By-laws, the Board shall meet at least four times per year on a quarterly basis. In addition, a special meeting of the Board is held every year to review the Corporation's strategic plan.

5.3 Quorum – Unless otherwise fixed in the Articles or the By-laws, a quorum of the Board shall be a majority of Directors.

5.4 Secretary – The Board shall appoint a person who may, but need not, be a member of the Board, to be secretary and who shall attend and be the secretary of all meetings of the Board and shareholders.

5.5 Right to Vote – The Board approves all matters expressly required under the Canada Business Corporations Act and other applicable legislation, rules and regulations and the Corporation's Articles and By-laws. Each Director shall have the right to vote on matters that come before the Board unless precluded by the Articles or the By-laws.

5.6 Invitees – The Board may invite officers and employees of the Corporation or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

5.7 Meeting of Independent Directors – The Independent Directors shall have regularly scheduled meetings at which members of management and non-independent Directors are not present.

5.8 Board Material Distribution – Information and materials that are important to the Board's understanding of the agenda items and related topics shall be distributed in advance of Board meetings. Management will deliver information on the business, operations and finances of the Corporation to the Board on an as required basis.

5.9 Attendance and Preparedness – Directors are expected to attend regularly scheduled meetings of the Board and of the shareholders and to have prepared for the meetings by, at a minimum, reviewing in advance of the meeting the materials delivered in connection with the meeting. The attendance record of individual directors at meetings of the Board will be disclosed in the Corporation's annual management proxy circular. Directors are encouraged to attend other committee meetings.

6. **OUTSIDE ADVISORS**

6.1 Retaining and Compensating Advisors – Each Director shall have the authority, with the approval of the Audit Committee, to retain outside counsel and any other external advisors as appropriate and to have the Corporation pay the compensation for any such advisors.

7. **REMUNERATION OF BOARD MEMBERS**

7.1 Remuneration – Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time.

8. **DELEGATION OF DUTIES**

8.1 Delegation to Committees – The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind the Corporation, except to the extent that such authority has been specifically delegated to such committee by the Board. These delegated responsibilities are set forth in each committee's charter. However, such mandates and delegation of responsibilities do not relieve the Board of its overall responsibilities.

8.2 Delegation to Committees –

- (a) The Board shall establish and maintain, notably, the following committees of the Board, each having mandates that incorporate all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate:
 - (i) Audit Committee;
 - (ii) Human Resources and Compensation Committee;
 - (iii) Governance Committee (which shall also serve as Nominating Committee); and
 - (iv) Strategic Planning Committee.
- (b) Subject to the Articles and the By-laws, the Board may appoint any other committee of the Board and delegate to such committee any of the powers of the Board.

8.3 Composition of Committees – The Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate and shall require the Governance Committee to make recommendations to it with respect to such matters.

8.4 Review of Charters – The Board will review the charters and the composition of each of its committees on a regular basis and will revise those charters or amend the composition of its committees as it considers appropriate and shall require the Governance Committee to make recommendations to it with respect to such matters.

8.5 Delegation to Management – Subject to the Articles and By-laws, the Board may appoint officers, specify their duties and delegate to them powers to manage the business and affairs of the Corporation.

8.6 Oversight – The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

8.7 Residual Authority – The Board retains responsibility for any matter that has not been delegated to management or to a committee of the Board.

9. **DUTIES AND RESPONSIBILITIES OF THE BOARD**

Responsibility for Specific Matters

9.1 Responsibility for Specific Matters – The Board explicitly assumes responsibility for the matters set out in this Mandate, and specifically those matters set out below, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable Canadian securities administrators and the stock exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage the affairs of the Corporation.

9.2 Delegation to Committees – Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

Corporate Governance

9.3 Corporate Governance Matters –

- (a) Corporate Governance Guidelines. The Board shall adopt and maintain corporate governance guidelines recommended to it by the Governance Committee and which comply with all applicable legal and stock exchange listing requirements and with such recommendations of relevant Canadian securities administrators and stock exchanges as the Board may consider appropriate.
- (b) Corporate Governance Disclosure. The Board shall review all material disclosure with respect to the Corporation's corporate governance and the operation of its system of governance required by the Canadian securities administrators, as submitted to it by the Governance Committee.

Responsibilities Relating to Management

9.4 Integrity of Management – The Board shall, to the extent feasible, satisfy itself:

- (a) as to the integrity of the CEO, the President and other senior officers of the Corporation; and
- (b) that the CEO, the President and other senior officers of the Corporation create a culture of integrity throughout the organization.

9.5 Succession Planning – The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

9.6 Executive Compensation Policy –

- (a) Executive Compensation Policy. The Board shall review the executive compensation policy submitted to it by the Compensation Committee as well as the overall structure of the Corporation's total compensation strategy, including the elements of the Corporation's annual and long-term incentive plans, including plan design, performance targets, administration and total funds/shares reserved for payments.
- (b) Board Approval. The Board shall approve the compensation of the CEO and the President in light of the performance assessment by the Compensation Committee and shall consider and, if appropriate, approve the recommendations of the CEO and the President with respect to the compensation of other members of senior management.
- (c) Delegation to Compensation Committee. The Board may direct the Compensation Committee to consider the matters contemplated in Sections 9.4, 9.5 and 9.6 of this Mandate and to report and make recommendations to the Board with respect to these matters.

9.7 Organizational Responsibilities – The Board shall review and approve as appropriate:

- (a) appointments for all mission critical positions (as such positions are defined by the Compensation Committee from time to time) and compensation packages for such appointments; and
- (b) the report on executive compensation that is required to be included in the Corporation's annual management proxy circular.

The Board shall require the Compensation Committee to make recommendations to it with respect to such matters.

Oversight of Operation of Business

9.8 Risk Management – Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of the Corporation's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

9.9 Strategic Planning Process – The Board shall advise management on strategic issues and shall approve, on at least an annual basis, a strategic plan and the related operating and capital budgets which take into account, among other things, the opportunities and risks of the Corporation's business. The Board shall monitor the Corporation's performance against its strategic plan as well as against the annual operating and capital budgets.

9.10 Internal Control and Management Information Systems – The Board shall monitor the design and operating effectiveness of the Corporation's internal control and management information systems. Where appropriate, the Board shall require management and the Audit Committee to implement changes to such systems to ensure their integrity.

9.11 Communications Policy – The Board shall review and, if determined appropriate, approve a communication policy for the Corporation for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Board shall consider, among other things, the recommendations of management and the Governance Committee with respect to this policy.

9.12 Disclosure and Share Trading Policy – The Board shall review and, if determined appropriate, approve a disclosure and share trading policy for the Corporation which will deal with the disclosure by the Corporation to the public of material information and set standards for share trading by insiders of the Corporation. The Board shall consider, among other things, the recommendations of management and the Governance Committee with respect to this policy.

9.13 Financial Information – The Board shall monitor the integrity and quality of the Corporation's financial statements and approve the general content of, and the Audit Committee's report on the financial aspects of, the Corporation's Annual Information Form, Management Proxy Circular, Management's Discussion and Analysis and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities. The Board shall review the recommendation of the Audit Committee with respect to the annual and interim financial statements of Corporation. The Board shall approve such financial statements. The Board shall review other documents providing financial information and the appropriateness of their disclosure.

9.14 Auditors – The Board is responsible for overseeing the external auditors' independence and qualifications.

9.15 Pension Plan Matters – Should the Corporation put in place any pension plans, the Board shall receive and review reports from management and from the Human Resources and Compensation Committee covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters regarding any such plans.

9.16 Conflict of Interest Policy and Code of Conduct – The Board will review and approve a Conflict of Interest Policy and Code of Conduct for the Corporation. In adopting this policy and this code, the Board will consider the recommendations of the Governance Committee concerning their compliance with applicable legal and stock exchange listing requirements and with such recommendations of relevant Canadian securities administrators and stock exchanges as the Board may consider appropriate.

9.17 Compliance and Disclosure – The Board shall monitor the Corporation's compliance with applicable legal and regulatory requirements. The Board will direct the Governance Committee to monitor compliance with the Conflict of Interest Policy and Code of Conduct and recommend disclosures with respect thereto. The Board will consider any report of the Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Conflict of Interest Policy and Code of Conduct and of any waiver granted to a Director or senior officer of the Corporation from complying with the Conflict of Interest Policy or Code of Conduct.

9.18 Significant Decisions – The Board shall require management to obtain its approval for all significant decisions, including major financings, acquisitions, dispositions, operating and capital budgets.

9.19 Information Flow from Management – The Board shall require management to keep it aware of the Corporation’s performance and events affecting the Corporation’s business, including opportunities in the marketplace and adverse or positive developments.

9.20 Dividends – The Board shall determine the dividend policies and procedures of the Corporation, including the declaration of dividends.

10. **EVALUATION OF BOARD PERFORMANCE**

10.1 Establish Process – The Board shall establish a process to be carried out by the Governance Committee for assessing the performance of the Board.

10.2 Amendments to Mandate – The Board will review and reassess the adequacy of its Mandate on a regular basis.

11. **INTERPRETATION**

11.1 Interpretation – The provisions of this Mandate shall at all times be subject to the provisions of the Articles.