

**CORPORATE GOVERNANCE AND  
COMPENSATION COMMITTEE CHARTER**

**1 PURPOSES AND RESPONSIBILITIES**

The purposes and responsibilities of the Corporate Governance and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Cornerstone Capital Resources Inc. (“Cornerstone”) are:

1.1 In the area of **Corporate Governance**:

- 1.1.1. to ensure that Cornerstone complies with best practices in corporate governance<sup>1</sup>;
- 1.1.2. to review corporate governance practices disclosure before Cornerstone publicly discloses such information;
- 1.1.3. to assess and make recommendations regarding Board effectiveness and to establish and lead the process for identifying, recruiting, appointing, re-appointing and providing continuing education for directors; and
- 1.1.4. to annually review Cornerstone’s directors’ and officers’ third-party liability insurance coverage.

1.2 In the area of **Compensation**:

- 1.2.1. to review and approve corporate goals and objectives relevant to CEO compensation, to evaluate the CEO’s performance in light of those corporate goals and objectives, and to determine (or make recommendations to the Board with respect to) the CEO’s compensation level based on this evaluation;
- 1.2.2. to establish a plan of continuity and development of senior management (i.e., a succession plan);
- 1.2.3. to make recommendations to the Board with respect to non-CEO officer and director compensation, incentive compensation plans and equity-based plans; and
- 1.2.4. to review executive compensation disclosure before Cornerstone publicly discloses such information.

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<sup>1</sup> See National Policy 58-201 *Corporate Governance Guidelines*.

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**2 COMPOSITION AND OPERATIONS**

- 2.1 The Committee shall be composed of not fewer than two (2) directors and not more than three (3) directors, all of whom shall be independent directors<sup>2</sup>.
- 2.2 The Committee shall meet at least two (2) times per year.
- 2.3 The Committee shall operate under the following guidelines:
  - 2.3.1. In addition to meetings called by the Committee Chair, any two (2) members of the Committee may call a meeting of the Committee.
  - 2.3.2. If the Committee Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.
  - 2.3.3. A Committee member may participate in a Committee meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A Committee member participating in such a meeting by any such means is deemed to be present at the meeting.
  - 2.3.4. The Committee may invite such directors or, in consultation with the CEO, such employees of Cornerstone as may be considered desirable to attend meetings and assist in the discussion and consideration of the business of the Committee.
  - 2.3.4. A quorum for the transaction of business at a Committee meeting shall be two (2) Committee members. Questions arising at a meeting shall be determined by a majority of votes of the Committee members present.
  - 2.3.5. At the next Board meeting following each meeting of the Committee, the Committee Chair shall report to the Board on the Committee's activities. Minutes of Committee meetings shall be made available to all directors.
  - 2.3.6. The Corporate Secretary or his or her designate shall act as secretary of the Committee.
- 2.4 The Committee may engage independent counsel or compensation and benefits consultants in appropriate circumstances, at Cornerstone's expense.

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<sup>2</sup> See National Instrument 58-101 *Disclosure of Corporate Governance Practices* for the meaning of independence. Section 3.15 of National Policy 58-201 recommends that compensation committees be composed entirely of independent directors.

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- 2.5 In conjunction with the Audit Committee, the Committee shall confirm with management periodically that Cornerstone meets all legal and regulatory disclosure requirements.
- 2.6 The Committee shall confirm with management that Cornerstone's Code of Business Conduct (the "Code") is annually signed by all Cornerstone employees, and that processes are in place to monitor compliance with the Code.
- 2.7 At the request of the Board, the Committee shall undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of Cornerstone.

**3 NOMINATING RESPONSIBILITIES**

- 3.1 The Committee shall act as the nominating committee for Cornerstone. The Committee shall review candidates for election as directors and annually recommend nominees to the Board for approval by the Board and election by shareholders. The Committee shall also recommend nominees to the Board to fill vacancies on the Board.
- 3.2 In making its recommendations for nominees to the Board, the Committee shall consider the current composition of the Board and any regulatory requirements, pronouncements or Cornerstone policies applicable to the composition of the Board, and shall assess the ability of candidates to contribute to the effective oversight of the management of Cornerstone. The Committee shall consider such factors as it deems appropriate, including a candidate's skill sets, professional experience, personal character, background, potential conflicts of interest, diversity and availability of service to Cornerstone.
- 3.3 The Committee Chair, with the assistance of such other directors or employees of Cornerstone as the Committee may deem necessary or advisable, shall meet with candidates for Board membership to explore candidates' interest in joining the Board and seek their consent to act as directors.

**4 COMMITTEE TIMETABLE**

The timetable below outlines the Committee's schedule of activities during the year.

# CORNERSTONE CAPITAL RESOURCES INC.

## CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE CHARTER

	May	Aug	Nov	Mar
<b>Corporate Governance and Nomination</b>	Q1	Q2	Q3	A
A. Develop recommendations regarding the essential and desired experience and skills for potential directors and recommend nominees to the Board for approval by the Board and election by shareholders.				X
B. In consultation with Board Chair and CEO, assess Board needs for frequency and location of Board and committee meetings, meeting agendas, discussion papers, reports and information, conduct of meetings, and director orientation and education.		X		X
C. Evaluate the CEO performance and make recommendations to the Board regarding CEO compensation.				X
D. In consultation with the CEO, review compensation and incentive plans for senior management team.				X
E. Review CEO views as to a successor in event of unexpected incapacity.		X		X
F. In consultation with the CEO and the Board Chair, review appointment or discharge of senior management team members.				X
G. Review and recommend public disclosure of corporate governance practices.				X
H. Review directors' and officers' third-party liability insurance.				X
I. Compare governance practices against those recommended or required by applicable regulator(s).				X
J. Confirm with management that Code of Business Conduct is annually signed by all employees, and that processes are in place to monitor compliance.				X
<b>Compensation</b>				
K. Recommend performance evaluation process for CEO corporate goals and objectives for the CEO.				X
L. Review directors' compensation.				X
M. Review and recommend report on executive compensation for publication in disclosure documents.				X