

**DILI CAPITAL CORP**

# Governance Policy

23 March 2020

Version 0.1



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

### **Introduction**

The term "Corporation" herein shall refer to Dili Capital Corp. and the term "Board" shall refer to the board of directors of the Corporation. The Board is elected by the shareholders and is responsible for the stewardship of the business and affairs of the Corporation. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Corporation's strategic planning and organizational structure and supervising management to ensure that the foregoing enhance and preserve the underlying value of the Corporation.

Although directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times.

### **Chairman and Composition and Quorum**

1. The Board will be comprised of a minimum of one member and a maximum of ten members. Each Board member shall satisfy the experience requirements, if any, imposed by applicable laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.
2. The chairman of the Board will be elected by a vote of a majority of the full Board membership. The chairman of the Board with the assistance of the lead director, if any, will chair Board meetings and shall be responsible for overseeing the performance by the Board of its duties, for setting the agenda of each Board meeting (in consultation with the Chief Executive Officer (the "CEO")), for communicating periodically with committee chairs regarding the activities of their respective committees, for assessing the effectiveness of the Board as a whole as well as individual Board members and for ensuring the Board works as a cohesive team and providing the leadership essential to achieve this.

### **Meetings**

3. Meetings will be scheduled to facilitate the Board carrying out its responsibilities. Additional meetings will be held as deemed necessary by the Chairman of the Board. The time at which and place where the meetings of the Board shall be held and the calling of the meetings and procedure in all things at such meetings shall be determined by the Board in accordance with the Corporation's articles, by-laws, and applicable laws. Any director of the Corporation may request the Chairman of the Board to call a meeting of the Board.
4. Meetings of the Board shall be validly constituted if a majority of the members of the Board

are present in person or by tele- or video- conference. A resolution in writing signed by all the members of the Board entitled to vote on that resolution at a meeting of the Board is as valid as if it had been passed at a meeting of the Board duly called and held.

### **Board Charter and Performance**

5. The Board shall have a written charter that sets out its mandate and responsibilities and the Board shall review and assess the adequacy of such charter and the effectiveness of the Board at least annually or otherwise, as it deems appropriate, and make any necessary changes. Unless and until replaced or amended, this mandate constitutes that charter. The Board will ensure that this mandate or a summary that has been approved by the Board is disclosed in accordance with all applicable securities laws or regulatory requirements in the Corporation's annual management information circular or such other annual filing as may be permitted or required by applicable securities regulatory authorities.

### **Duties of the Board**

6. The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for the day-to-day management of the Corporation. The Board discharges its responsibilities both directly and through its committees, the Audit, Risk and Compliance Committee, Investment Committee and Nomination Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature.
7. In addition to the Board's primary roles of overseeing corporate performance and providing quality, depth, and continuity of management to meet the Corporation's strategic objectives, principal duties include the following:

- **Appointment of Management**

- i. The Board has the responsibility for approving the appointment of the CEO and all other senior management and monitoring their performance. To the extent feasible, the Board shall satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation. The Board may provide advice and counsel in the execution of the CEO's duties as appropriate.
- ii. The Board from time to time delegates 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 are reviewed by and subject to the prior approval of the Board.
- iii. The Board oversees that succession planning programs are in place, including programs

to appoint, train, develop and monitor management.

- **Board Organization**

- iv. The Board will respond to recommendations received from the Nomination Committee, but retains the responsibility for managing its affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
- v. The Board may delegate to Board committees matters it is responsible for, including the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

- **Strategic Planning**

- vi. The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission of the business and its objectives and goals and the strategy by which it proposes to reach those goals.
- vii. The Board is responsible for adopting a strategic planning process and approving and reviewing, on at least an annual basis, the business, financial and strategic plans by which it is proposed that the Corporation may reach those goals, and such strategic plans will take into account, among other things, the opportunities and risks of the business.
- viii. The Board has the responsibility to provide input to management on emerging trends and issues and on strategic plans, objectives, and goals that management develops.

- **Monitoring of Financial Performance and Other Financial Reporting Matters**

- ix. The Board is responsible for:
  - a) adopting processes for monitoring the Corporation's progress toward its strategic and operational goals, and to revise and alter its direction to management in light of changing circumstances affecting the Corporation; and
  - b) taking action when the Corporation's performance falls short of its goals or when other special circumstances warrant.
- x. The Board shall be responsible for approving the audited financial statements and Management's Discussion and Analysis accompanying such financial statements.
- xi. 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 the Corporation's governing statute, including the payment of dividends, issuance,

purchase, and redemptions of securities, acquisitions, and dispositions of material capital assets and material capital expenditures.

- **Risk Management**

- xii. The Board has responsibility for the identification of the principal risks of the Corporation'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 the Corporation and achieving a proper balance between the risks incurred and the potential return to the Corporation's shareholders.
- xiii. The Board is responsible for the Corporation's internal control and management information systems.

- **Policies and Procedures**

- xiv. The Board is responsible for:
  - a) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines for the Corporation and approving and monitoring compliance with all significant policies and procedures related to corporate governance; and
  - b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards and, in particular, adopting a written code of business conduct and ethics which applies to directors, officers and employees of the Corporation and which constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing.
- xv. The Board enforces its policy respecting the confidential treatment of the Corporation's proprietary information and Board deliberations.
- xvi. The Board is responsible for adopting and monitoring compliance with the Corporation's Code of Business Conduct and Ethics.

- **Communications and Reporting**

- xvii. The Board is responsible for approving and revising from time to time as circumstances warrant a Disclosure Policy to address communications with shareholders, employees, the media and such other outside parties as may be appropriate.
- xviii. The Board is responsible for:
  - a) overseeing the accurate reporting of the financial performance of the Corporation to

shareholders, other security holders and regulators on a timely, regular and non-selective basis;

- b) overseeing that the financial results are reported fairly and in accordance with international financial reporting standards and related legal disclosure requirements;
- c) taking steps to enhance the timely, non-selective disclosure of any other developments that have a significant and material impact on the Corporation;
- d) reporting annually to shareholders on its stewardship for the preceding year; and overseeing the Corporation's implementation of systems which accommodate feedback from stakeholders.

- **Position Descriptions**

xix. The Board is responsible for:

- a) developing position descriptions for the Chair of the Board, the lead director, if applicable, the chair of each Board committee and, together with the CEO, the CEO (which will include delineating management's responsibilities);
- b) developing and approving the corporate goals and objectives that the CEO is responsible for the meeting; and
- c) developing a description of the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.

- **Orientation and Continuing Education**

xx. The Board is responsible for:

- a) ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Corporation expects from its directors) and that they understand the nature and operation of the Corporation's business; and
- b) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Corporation's business remains current.

- **Nomination of Directors**

xxi. In connection with the nomination or appointment of individuals as directors, the Board is responsible for:

- a) considering what competencies and skills the Board, as a whole, should possess;
- b) assessing what competencies and skills each existing director possesses; and
- c) considering the appropriate size of the Board, to facilitate effective decision making.

In carrying out each of these responsibilities, the Board will consider the advice and input of its Committees.

xxii. Director nominees shall be selected by a majority of the t directors.

- **Board Evaluation**

xxiii. The Board is responsible for ensuring that the Board, its committees and each director are regularly assessed regarding his, her or her effectiveness and contribution. An assessment will consider, in the case of the Board or a Board committee, its mandate or charter and in the case of an individual director, any applicable position description, as well as the competencies and skills each director is expected to bring to the Board.

- **Authority to engage outside advisors**

xxiv. The Board has the authority to engage outside advisors as it determines necessary to carry out its duties, including, but not limited to identifying and reviewing candidates to serve as directors or officers.

xxv. The Corporation shall provide appropriate funding, as determined by the Board, for payment (a) of compensation to any advisors engaged by the Board, and (b) of ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.

★ CERTIFIED DOCUMENT ★

**DiliCapital** Head Office  
1,200 Queen Street West  
Suite 2013  
Toronto, ON, Canada  
M5S 2B1

Signature

★ CERTIFIED DOCUMENT ★

**DiliCapital** Head Office  
1,200 Queen Street West  
Suite 2013  
Toronto, ON, Canada  
M5S 2B1

Name

23rd March, 2020.

Date

Approved on 23<sup>rd</sup> March 2020.

**SCHEDULE "A"**

The Board has made the following designation:

**Compliance Officer:**

