

# CANWEL BUILDING MATERIALS GROUP LTD.

## NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

### 1. PURPOSE

1.1 The Committee is appointed by the Board to:

- (a) develop and recommend criteria to the Board for selecting new directors to the Board;
- (b) assist the Board by identifying individuals qualified to become members of the Board (consistent with criteria approved by the Board);
- (c) recommend to the Board the director nominees for the next annual meeting of Shareholders and for each committee of the Board and the chair of each committee;
- (d) keep apprised, develop and recommend to the Board appropriate corporate governance principles for the Corporation;
- (e) recommend to the Board procedures for the conduct of Board meetings, and the proper discharge of the Board's Mandate;
- (f) oversee the annual review of the Board's, its committees' and individual directors' performance and the assessment of the Board's and committees' charters;
- (g) undertake such other initiatives that may be necessary or desirable to enable the Board to provide effective corporate governance; and
- (h) responsibility for such other matters as are set out in this Charter or as may otherwise be assigned to the Committee by the Board.

### 2. DEFINITIONS

2.1 In this Charter:

- (a) “**Applicable Laws**” means all applicable provisions of law, domestic or foreign, including, without limitation, the *Securities Act* (British Columbia) as amended, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and the applicable rules and policies of any stock exchange on which the Corporation is listed and of the Corporation;
- (b) “**Board**” means the Board of Directors of the Corporation;
- (c) “**CEO**” means the Chief Executive Officer of the Corporation;
- (d) “**CFO**” means the Chief Financial Officer of the Corporation;

- (e) “**Chair**” means the chair of the Committee;
- (f) “**Committee**” means the Nominating and Corporate Governance Committee of the Corporation;
- (g) “**Corporation**” means CanWel Building Materials Group Ltd.;
- (h) “**Directors**” means the members of the Board of the Corporation;
- (i) “**Senior Management**” means the CEO and CFO; and
- (j) “**Shareholder**” means a shareholder of the Corporation.

### **3. ESTABLISHMENT AND COMPOSITION OF COMMITTEE**

- 3.1 The Committee is hereby established with the constitution, function and responsibilities herein set forth.
- 3.2 Appointment and Removal of Members of the Committee.
  - (a) Board Appoints Members. The members of the Committee shall be appointed by the Board of the Corporation.
  - (b) Annual Appointments. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the Shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
  - (c) Vacancies. The Board may appoint a member to fill a vacancy that occurs in the Committee between annual elections of Directors.
  - (d) Removal of Member. Any member of the Committee may be removed from the Committee by a resolution of the Board.
- 3.3 The Committee shall consist of three or more Directors.
- 3.4 Each member of the Committee shall be independent as defined under Applicable Laws and have or develop an understanding of management resources and governance principles and practices. At least one member of the Committee must have significant experience with governance matters.

#### **4. COMMITTEE CHAIR**

- 4.1 The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).
- 4.2 The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

#### **5. COMMITTEE MEETINGS**

- 5.1 A quorum of the Committee shall be a majority of its members present in person. Any Director may participate in a meeting of the Committee by means of teleconference and a Director so participating shall be considered present in person at that meeting.
- 5.2 The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.
- 5.3 The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee.
- 5.4 Each member of the Committee shall have the right to vote on matters that come before the Committee.
- 5.5 The Committee may invite Directors, officers, employees, advisors or consultants of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.
- 5.6 The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

#### **6. AUTHORITY OF COMMITTEE**

- 6.1 The Committee shall have the authority to retain and terminate:
  - (a) any firm engaged to assist in advising with respect to governance matters, including those impacting or potentially impacting the Corporation, the Directors, Senior Management or the Corporation's businesses, planned businesses or deliberation or execution of strategy; and
  - (b) outside counsel and any and all other advisors as the Committee may deem appropriate in its sole discretion.

Prior to retaining any outside advisor, the Committee shall consider such factors as it considers necessary or desirable, including the expertise, skill set and experience of the proposed advisor together with the advisor's independence from the Corporation (as such term is defined in Applicable Laws). The Committee shall have sole authority to approve related fees and retention terms of any such firm and other advisors.

6.2 The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

## **7. RESPONSIBILITIES**

7.1 Director Candidates. The Committee shall:

- (a) Review annually the experience, competencies, skills and personal qualities required of Directors to add value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies, the need to ensure that a majority of the Board is comprised of individuals who meet the independence requirements of Applicable Laws including, but not limited to, Director tenure, retirement, succession, diversity and Director commitments;
- (b) In co-operation with the Senior Management, oversee an appropriate orientation and education for new Directors in order to familiarize them with the Corporation and its business (including the Corporation's reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, Senior Management and the independent auditor);
- (c) Actively seek individuals qualified (in context of the Corporation's needs and any formal criteria established by the Board) to become members of the Board for recommendation to the Board;
- (d) Determine at least annually, as a separate and supplementary contingency plan to the succession process, the identity of immediate replacements in the event of an emergency for the CEO, the CFO, and the Senior Management of the business divisions;
- (e) Review and recommend to the Board the membership and allocation of Directors to the various committees of the Board, and the chairs thereof;
- (f) Establish procedures for the receipt of comments from all Directors to be included in an annual assessment of the Board's performance;
- (g) If the need should arise, approve the engagement of independent advisors for individual Directors at the expense of the Corporation; and
- (h) Review related party transactions at least annually, and otherwise as may be required.

7.2 Corporate Governance and Compliance. The Committee shall:

- (a) Review from time to time the size of the Board and number of Directors who are independent for the purpose of applicable requirements;
- (b) At least annually, review the adequacy of, and monitor compliance with, the Corporation's internal governance guidelines and policies, including recommending to the Board any additional guidelines or policies, as required, and reviewing and making recommendations in respect of:
  - (i) the Corporation's Insider Trading Policy, and any other guidelines or policies of the Corporation that may be applicable and that are in place from time to time (collectively, the "**Policies**"); and
  - (ii) the practices of the Board and independence matters with reference to the requirements set out in the Mandate of the Board;
- (c) At least annually, review the governance practices of the Corporation and its subsidiaries, and their respective boards and committees, to determine compliance with applicable rules and policies of regulatory authorities governing the Corporation;
- (d) Review and respond to requests by individual directors or officers to engage outside advisors;
- (e) Assess the need, and to coordinate a program, for continuing education for members of the Board;
- (f) Report on governance matters as required by public disclosure requirements;
- (g) Undertake such other initiatives as are needed to help the Board and the boards of directors/senior management of the Corporation's subsidiaries deliver compliant governance;
- (h) At least annually, review the adequacy of Code of Business Conduct and Ethics of the Corporation (the "**Code**") and recommend any proposed changes to the Code to the Board for approval;
- (i) Be responsible for granting any waivers from the application of the Code and review Senior Management's monitoring of compliance with the Code;
- (j) At least annually, review the practices of the Board (including separate meetings of non-management directors and of independent directors) to ensure compliance with National Policy 58-201 – Corporate Governance Guidelines and National Instrument 58-101 – Disclosure of Corporate Governance Practices;
- (k) Review and approve annually share ownership guidelines for Senior Management. The Committee shall review as required the actual ownership position relative to

ownership guidelines and transactions in the Corporation's securities and other long-term incentive arrangements by Senior Management;

- (l) At least annually, review the powers, mandates and performance, and the membership of the various committees of the Board and, if appropriate, make recommendations to the Board; and
- (m) At least annually, review the relationship between Senior Management and the Board and, if appropriate, make recommendations to the Board with a view to ensuring that the Board is able to function independently of Senior Management.

## **8. ANNUAL EVALUATION**

8.1 Annually, or more frequently at the request of the General Counsel as a result of legislative or regulatory changes, the Committee shall, in a manner it determines to be appropriate:

- (a) Conduct a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter; and
- (b) Review and assess the adequacy of its Charter and the position description for its Chairman of the Board and recommend to the Board any improvements to this Charter or the position description that the Committee determines to be appropriate, except for minor technical amendments to this Charter, authority for which is delegated to the General Counsel, who will report any such amendments to the Board at its next regular meeting.