



# **Compensation Committee Mandate**

**January 2011**

## I. Mandate

Decisions on the compensation program of the Corporation's senior executives are made by the compensation committee of the Corporation's Board (the "**Compensation Committee**"). A majority of the members of the Compensation Committee are outside directors. It is the responsibility of the Compensation Committee to assure the Board that the executive compensation programs are reasonable and appropriate, meet their stated purpose and effectively serve the needs of the Corporation's shareholders and the Corporation. In addition, pursuant to the rules of the SEC designed to enhance disclosure of corporate policies toward executive compensation, the Compensation Committee is required to present a report to the shareholders in the proxy statement that discusses the Corporation's compensation policies for executive officers and the Committee's basis for determining the CEO's compensation for the most recent financial year. This report must also include a discussion of the relationship of executive compensation and the CEO's compensation to corporate performance.

## II. Compensation Philosophy and Policies for Executive Officers

The Corporation believes that the executive compensation program should align the interests of shareholders and executives. The Corporation's primary objective is to maximize shareholder value. The Compensation Committee seeks to forge a strong link between the Corporation's strategic business goals and its compensation goals. The Corporation's executive compensation program is consistent with the Corporation's overall philosophy for all management levels. The Corporation believes that the more employees are aligned with the Corporation's strategic objectives, the greater the Corporation's success on both a short term and long term basis. The Corporation's executive compensation program has been designed to support the overall Corporation strategy and objective of creating shareholder value by:

- emphasizing pay for performance by having a significant portion of executive compensation "at risk";
- directly aligning the interest of executives with the long term interest of shareholders by awarding stock options at current market prices which have value to the executives only through stock appreciation over the long run;
- providing compensation opportunities that attract and retain talented and committed executives on a long term basis; and
- appropriately balancing the Corporation's short term and long-term business, financial and strategic goals.

The Corporation's strategic goals are:

- profitability: to maximize financial returns to its shareholders;
- growth: to expand the operations of the Corporation in such a manner as not to imperil the achievement of other objectives; and
- stability: to be seen as a desirable employer and a responsible corporate citizen.

Currently, the Corporation's executive compensation program is comprised of three components: base salary, annual cash incentive (bonus) and long-term incentive opportunity through stock options. The annual executive pay targets (base salary plus incentive) are intended to be market competitive with similar companies when the Corporation or the individual business units meet or exceed their respective annual operating goals. Additional compensation may be awarded based on achievement of specific extraordinary projects or assignments.

#### A. Base Salary

Unless determined pursuant to their employment agreements, the base salaries of the Corporation's executive officers are evaluated annually. In evaluating appropriate pay levels and salary increases for Corporation executives, the Compensation Committee considers achievement of the Corporation's strategic goals, level of responsibility, individual performance, and internal equity and external pay practices.

#### B. Annual Incentives

Annual incentive (bonus) awards are designed to focus management attention on key operational goals for the current fiscal year. Corporation executives may earn a bonus based upon achievement of their specific operational goals and achievement by the Corporation or business unit of its financial targets.

#### C. Long Term Incentives

The Corporation's long-term incentive compensation program consists of stock options, which are related to improvement in long-term shareholder value. Stock option grants provide an incentive that focuses the executive's attention on managing the Corporation from the perspective of an owner with an equity stake in the business. These grants also focus operating decisions on long term results that benefit the Corporation and long-term shareholders.

The option grants to executive officers offer the right to purchase common shares at their fair market value on the date of the grant. These options will have value only if the Corporation's share price increases. The number of shares covered by each grant is intended to reflect the executive's level of responsibility and past and anticipated contributions to the Corporation.