

AUTOMODULAR CORPORATION

CHARTER OF THE BOARD OF DIRECTORS

As set out in the Business Corporations Act, Ontario, the Board of Directors manages the business and affairs of the Corporation in strict compliance with applicable laws and in accordance with the By-Laws of the Corporation. In particular, the board has primary responsibility for the matters listed below.

1) STRATEGIC DIRECTION

- Long-term goals and planning
- Risk management
- Promotion of the company's purpose and values

2) SUCCESSION AND LEADERSHIP DEVELOPMENT

- CEO and management succession
- Leadership and key talent development

3) PERFORMANCE EVALUATION

- Progress and impact of strategic initiatives
- Execution and business results

4) CONTROL & TRANSPARENCY

- Leading governance practices
- Accountability to all shareholders
- Strong, independent Board and Committees
- Integrity of controls and information systems
- Social responsibility

ORGANIZATION AND FUNCTIONING OF THE BOARD

a) Duties and Responsibilities

The Board of Directors is elected by the shareholders of the Company, and owes duties to act scrupulously in the best interests of the Corporation. Where the interests of the Corporation and the interests of its shareholders do not coincide, a director's duty is to the Corporation. Directors shall work to protect and enhance the assets of the Company in a way that is consistent their duties, which should result in long-term value for all shareholders.

b) Board Composition

The following guidelines have been established regarding Board composition:

- The Board should be composed of no more than 10 members.

- The Board should be composed of a majority of individuals who qualify as unrelated directors. While the Company has significant shareholders, the Board should include a number of directors who do not have interests or relationships with either the Company or the significant shareholder and which fairly reflects the investment of the Company by shareholders other than the significant shareholder.
- Composition of the Board should reflect business experience compatible with the Company's strategic and business objectives with consideration to geographic regions of operation.
- The Chairman's and CEO's roles should be separate.
- Directors must submit their resignation if they change their principal employment as a change of position could alter the individual's suitability as a director. A decision will then be made if it is in the best interest of the Company to ask the director to stay.
- Each outside director will be expected to serve for a minimum term of three years, subject to ongoing evaluation and annual shareholder re-nomination.

Definitions:

Directors are considered "unrelated", "related", "inside" or "outside" on the following basis:

i) Unrelated Director

An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interest of the Company, other than interest and relationships arising from shareholding.

ii) Related Director

A related director is a director who is not an unrelated director or is a member of management.

iii) Inside Director

An inside director is a director who is a member of management, elected to bring internal expertise and understanding of the business to the Board. The role of an inside director is to bring first hand knowledge of the business to the decision-making process of the Board.

iv) Outside Director

An outside director means a director who is not a member of management.

c) **Strategic Plan, Business Plan and Capital Plan**

The Board has delegated to the CEO and the senior management the responsibility to develop strategic and annual business and capital plans for the Company. It is the Board's responsibility to review and question not only the plan's effectiveness in increasing shareholder value but also

the Company's ability to achieve the plans and the resources required. The Board also monitors the performance of management relative to the strategic and business plans and the capital plan.

d) **Role of Committees**

The Directors have from among their midst appointed certain directors to committees to assist the Board in carrying out its duties. The committees do not replace or supplant the board, but will typically report to the Board and recommend actions arising from their work. Where appropriate, and where time does not permit convening a meeting of the Board, committees will have the power to take action on behalf of the Board.

e) **Matters Requiring Board Approval**

Management is required to obtain the approval of the Board (or a Board Committee where appropriate) in respect of the following matters:

Financial Matters:

Approval of:

- Strategic plan
- Annual business and capital plans, presented as an annual budget
- Annual financial statements and auditors' report
- *Quarterly earnings and press release
- *Capital expenditures in excess of \$1 million (outside approved capital plan)
- Acquisitions and divestitures
- Significant refinancing initiatives
- Dividend policy
- Share issuances and share repurchase programs

Human Resources:

Approval of:

- Appointment, compensation, succession, or dismissal of CEO
- *Executive compensation schemes and incentive plans
- *Employment agreements and termination agreements of senior officers, as such are defined in the Securities Act (Ontario).

Administration/Compliance

Approval of:

- Appointment of Board Committees
- Nomination of Directors
- *Recommendation of auditors to the shareholders
- Proxy circular and Annual Information Form
- Appointment of Chairman
- *Major policies

*Board may delegate to Committees. Approval matters delegated to Board Committees (e.g. employment or termination of senior officers) may require quick resolution (i.e. they cannot wait until the next Board or Board Committee meeting). In these cases, the CEO will consult with the Chair of the relevant Board Committee prior to implementing the relevant decision.