



## MANDATE OF THE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

AUGUST 30, 2017

### I. GENERAL

#### 1. Purpose of the Committee

The purpose of the Governance and Human Resources Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of the Beer Store (“**TBS**”) in fulfilling its responsibilities relating to corporate governance and human resources matters, in all cases in accordance with the terms of the unanimous shareholders agreement dated January 1, 2016 between TBS and its shareholders, as amended from time to time (the “**Shareholders Agreement**”). If there is any inconsistency between a provision in this Mandate and any provision in the Shareholders Agreement, the provision in the Shareholders Agreement will govern.

#### 2. Authority of the Committee

- (a) The Committee has the authority to delegate to individual members or subcommittees of the Committee.
- (b) In performing its functions, the Committee is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Committee shall have the authority to retain and approve the reasonable fees and retention terms of its outside advisors.

### II. PROCEDURAL MATTERS

#### 1. Composition of the Committee

The Committee will be composed of a minimum of three members as follows:

- (a) at least one member must be an Independent Director (as defined in the Shareholders Agreement)<sup>1</sup>;
- (b) at least one member must be a Major Shareholder Nominee (as defined in the Shareholders Agreement) of Labatt; and
- (c) at least one member must be a Major Shareholder Nominee of Molson,

and provided, however, that an equal number of Major Shareholder Nominees of each of Labatt and Molson, must together constitute a majority of the members of the Committee for so long as Labatt and Molson are entitled to nominate and elect a majority of the directors of TBS pursuant to Section 4.1(e) or Section 4.1(g) of the Shareholders Agreement.

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<sup>1</sup> Section 4.9(b) of the Shareholders Agreement.

## **2. Member Qualifications**

- (a) Every Committee member must be a director of TBS.
- (b) At least one member of the Committee must have corporate governance experience or expertise.
- (c) At least one member of the Committee must have human resources experience or expertise.

## **3. Member Appointment and Removal**

- (a) Members of the Committee will be appointed by the Board. The members of the Committee will be appointed following each annual meeting of shareholders of TBS and will hold office until the next annual reappointment of the Committee or until they are removed by the Board or until they cease to be directors of TBS, in each case, in accordance with the terms of the Shareholders Agreement.
- (b) Subject to and in accordance with the terms of the Shareholders Agreement and Mandate of the Board of Directors, where a vacancy occurs at any time in the membership of the Committee, such vacancy may be filled by the Board on the recommendation of the Committee, and will be filled by the Board if the membership of the Committee falls below the minimum composition requirements for the Committee in Section II.1 above.

## **4. Committee Structure and Operations**

### **(a) Chair**

- (i) The Board will appoint one member of the Committee to act as Chair of the Committee. The Chair of the Committee may be removed at any time at the discretion of the Board.
- (ii) The Chair of the Committee will chair meetings of the Committee, but will not be entitled to a second or casting vote. If the Chair of the Committee is absent from any meeting, the Committee will select one of the other members of the Committee to preside at that meeting.
- (iii) The Chair of the Committee will act as the effective leader of the Committee consistent with the Position Description for Chairs of Committees.

### **(b) Meetings**

- (i) The Chair of the Committee will determine the schedule and frequency of Committee meetings. However, the Committee will meet at least two times per year.
- (ii) The Chair of the Committee will be responsible for developing and setting the agenda for Committee meetings with the assistance of the most senior officers responsible for legal and human resources, respectively, and the Secretary. Appropriate materials will be provided to the Committee in advance of meetings, although the Committee recognizes that in certain cases this may not be possible. Materials presented to the Committee should be as concise as possible, while providing sufficient information for the members to make an informed judgment.

### **(c) Notice**

Written or electronic notice of any meeting of the Committee will be given to each member of the Committee at least five business days prior to the scheduled date of such meeting, unless such notice is waived by all of the members.

(d) **Quorum**

A quorum for any meeting of the Committee will consist of:

- (i) an equal number of Major Shareholder Nominees of each of Labatt and Molson, who together must constitute a majority of the members present at any meeting of the Committee for so long as Labatt and Molson are entitled to nominate and elect a majority of the directors of TBS pursuant to Section 4.1(e) or Section 4.1(g) of the Shareholders Agreement; and
- (ii) at least one Independent Director.<sup>2</sup>

(e) **Attendees**

- (i) The Committee may invite such other directors, officers and employees of TBS and advisors as it sees fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of matters relating to the Committee.
- (ii) Board members who are not Committee members shall, upon providing reasonable advance notice to the Chair of the Committee, be permitted to attend meetings of the Committee as observers without voting rights.
- (iii) Members may attend meetings of the Committee in person, by telephone or by video conference or other communication facilities that permit all individuals participating in the meeting to hear and communicate with each other simultaneously, and a member participating in such a meeting by such means will be deemed to be present at the meeting.

(f) ***In Camera Sessions***

At the end of each Committee meeting, the Committee will meet without any members of management or any other persons present (other than the Secretary (or his or her designate), who may be invited to continue to take minutes).

(g) **Records**

Minutes of meetings of the Committee will be recorded by the Secretary of TBS (or his or her designate) and will be subsequently presented to the Committee for review and approval. The Secretary will maintain a copy of the minutes of all meetings of the Committee.

**5. Committee and Mandate Review**

- (a) The Committee will conduct an annual assessment of its effectiveness and contribution, including a review of its compliance with this Mandate, in accordance with the process developed by the Board. The Committee will report the results of such assessment to the Board.
- (b) The Committee will also review and assess the adequacy of this Mandate on an annual basis and will recommend changes to the Board. Any changes to this Mandate must be approved by the Board, including the approval of a majority of the Independent Directors then in office.<sup>3</sup>

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<sup>2</sup> Section 4.10 of the Shareholders Agreement.

<sup>3</sup> Section 4.9(d) of the Shareholders Agreement.

## **6. Reporting to the Board**

The Committee will regularly report to the Board on all significant matters it has considered and addressed and with respect to such other matters that are within its responsibilities, including any matters approved by the Committee or recommended by the Committee for approval by the Board.

### **III. RESPONSIBILITIES**

#### **1. General**

The Committee is responsible for:

- (a) developing, reviewing, monitoring and evaluating TBS's corporate governance practices;
- (b) overseeing TBS' human resources, including matters relating to compensation, succession planning and health and safety;
- (c) identifying the principal risks of TBS's business related to corporate governance and human resources matters and overseeing the implementation of appropriate systems to manage these risks; and
- (d) overseeing TBS' compliance with applicable laws and regulations and its compliance with all significant policies and procedures approved by the Board from time to time in relation to corporate governance and human resources matters.

#### **2. Corporate Governance Practices**

The Committee is responsible for:

- (a) identifying and making recommendations to the Board as to the effectiveness of the system of corporate governance at TBS;
- (b) at least annually, reviewing the mandates of the Board and each of its committees and the corporate governance related policies and procedures of TBS and making recommendations to the Board with respect to any potential changes to such mandates, policies and procedures;
- (c) at least annually, reviewing the written position descriptions for the directors, the Chair of the Board, the Lead Director, the Chair of each Board committee and the President (or Chief Executive Officer) of TBS and making recommendations to the Board with respect to any potential changes to such position descriptions;
- (d) reviewing and making recommendations to the Board regarding orientation programs to be undertaken for all new members of the Board and continuing education opportunities to be made available to members of the Board;
- (e) arranging for annual surveys of the members of the Board to be conducted with respect to their views on the effectiveness and contribution of the Board, its committees and individual directors and based on those surveys making recommendations to the Board with respect to the effectiveness and contribution of the Board, its committees and individual directors; and
- (f) making recommendations to the Board on the annual appointment of directors to each of the Board's other committees, in accordance with the provisions of the mandate of each such committee, following which the Board will re-appoint the members of the committees and the Chair of each committee.

### **3. Compensation**

The Committee is responsible for:

- (a) reviewing TBS's overall compensation philosophy;
- (b) (i) reviewing and approving on an annual basis the corporate goals and objectives relevant to the compensation of the President (or Chief Executive Officer), which shall be consistent with the strategic objectives approved by the Board as part of the Annual Budget and Annual Business Plan process, (ii) evaluating the President's (or Chief Executive Officer's) performance in light of those goals and objectives, and (iii) recommending to the Board an annual assessment of the President's (or Chief Executive Officer's) performance and compensation;
- (b) reviewing and approving on an annual basis the performance of other members of senior management and setting the compensation of other members of senior management, which shall be consistent with the Annual Budget and Annual Business Plan approved by the Board;
- (c) reviewing and approving the selection and terms of reference of outside consultants retained to provide benchmark analysis and advice for compensation programs;
- (d) overseeing the activities of individuals or committees responsible for pension plan design, benefit levels and plan compliance with applicable pension laws (with the Finance and Audit Committee having oversight of plan investment performance and funding); and
- (e) making all significant decisions regarding the implementation and administration of TBS's incentive compensation and other benefit plans and programs.

### **4. Succession Planning**

The Committee is responsible for:

- (a) reviewing submissions from the President (or Chief Executive Officer) regarding the recruitment, appointment and termination of members of the senior management team (the "SMT") and making recommendations to the Board for approval, where required; and
- (b) reviewing and approving annually succession plans and career planning, updated position descriptions, training and development for the President (or Chief Executive Officer) and other members of senior management.

### **5. Health and Safety**

The Committee is responsible for:

- (a) overseeing TBS's health and safety goals and performance; and
- (b) reviewing and discussing with management potential health and safety issues and the steps management is taking to address such issues.

### **6. Other Human Resources Matters**

The Committee is responsible for:

- (a) overseeing TBS's labour relations matters, including management's negotiation of collective agreements and dealing with grievances and arbitrations; and

- (b) reviewing and discussing with management any material labour relations issues as they arise.

## **7. Risk Management**

The Committee is responsible for reviewing and discussing TBS's major corporate governance and human resources risk exposures and the steps management has taken to monitor and address such exposures, including evaluating whether TBS's incentive compensation or any other programs contain incentives for officers and employees to take risks in performing their duties that are reasonably likely to have a material adverse effect on TBS.

## **8. Compliance**

The Committee is responsible for:

- (a) reviewing and discussing with management the sufficiency of TBS's internal legal controls and any issues involving TBS's or its employees' compliance with applicable laws and regulations and significant policies and procedures approved by the Board from time to time (other than in relation to finance and audit matters which the Finance and Audit Committee will review); and
- (b) (i) reviewing and affirming TBS's Code of Conduct (the "**Code**") and ensuring that management has established a system to monitor compliance with and enforce the Code, (ii) obtaining reports from management that TBS and its employees are in compliance with the Code, (iii) making recommendations to the Board regarding any waivers from the Code, and (iv) advising the Board with respect to TBS's policies and procedures regarding compliance with the Code.

## **9. Fiduciary Duties**

Nothing in this Mandate shall impose on the Committee or its members any fiduciary duties beyond their fiduciary duties as Board members as set out in the TBS Shareholders Agreement and applicable laws.