

# BOARD OF DIRECTORS CHARTER

## Part I: Overview

The Canada Business Corporation Act (the “Act”), Corus Entertainment Inc.’s (the “Company” or “Corus Entertainment”) governing statute, provides “that the directors shall manage or supervise the management of the business and affairs of a corporation . . .”. While the board of directors (the “Board”) cannot “manage” a company such as Corus Entertainment in the sense of directing its day-to-day operations, the Board is responsible for approving the overall strategic direction and policy framework for Corus Entertainment. This responsibility is discharged through Board oversight of Corus Entertainment’s management, which is responsible for the day-to-day conduct of the business. The Board, through the Chief Executive Officer (CEO), sets standards of conduct, including the Company’s general moral and ethical tone, compliance with applicable laws, standards for financial practices and reporting, qualitative standards for operations and products and other standards that reflect the views of the Board as to the conduct of the business in the best interests of the Company. The Board also establishes guidelines for its own performance.

In general, then, the Board is responsible for the selection, monitoring and evaluation of the CEO, and for overseeing the ways in which Corus Entertainment’s affairs are managed. In this way, the Board assumes responsibility for the stewardship of the Company. Specific responsibilities which facilitate the discharge of the Board’s stewardship responsibilities include: the strategic planning process, risk identification and management, ensuring that an effective stakeholder communication policy is in place, and ensuring the integrity of internal controls and management information systems. These responsibilities, and others, are addressed in more detail in the Board’s Mandate, comprising Part III of these Terms of Reference.

The Board of Directors discharges its responsibilities with the assistance of Board Committees. The Committees advise and formulate recommendations to the Board, but except in limited and specifically identified circumstances, do not have the authority to approve matters on behalf of the Board of Directors. Each Committee has a written charter, setting out the scope of its operations, and its key roles and responsibilities.

The CEO of Corus Entertainment is delegated the responsibility for the day-to-day management of the Company and for providing the Company with strategic leadership. The CEO discharges these responsibilities by formulating Company policies and proposed actions, and, where appropriate, presenting them to the Board for approval. The Board has plenary power in all areas, delegates to management, and has the power to specify and modify the authority and duties of management as it sees fit, with a view to Corus Entertainment’s best interests and in accordance with current standards. The Act also identifies certain matters, which must be considered by the Board as a whole and may not be delegated, even to a Committee of the Board or to a managing director. These matters include:

- any submission to the shareholders of a question or matter requiring the approval of the shareholders;



- the filling of a vacancy among the directors or in the office of the external auditor;
- the manner of and terms for the issuance of securities;
- the declaration of dividends;
- the purchase, redemption or any other form of acquisition of shares issued by the Company;
- the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- the approval of management proxy circulars;
- the approval of any take-over bid circular or directors' circular;
- the approval of the audited annual financial statements of the Company; and
- the adoption, amendment or repeal of by-laws of the Company.

One of the key stewardship responsibilities of the Board is to approve the Company's goals, strategies and plans, and the fundamental objectives and policies within which the business is operated, and evaluate the performance of executive management. Once the Board has approved the goals, strategies and plans, it acts in a unified and cohesive manner in supporting and guiding the CEO. The CEO keeps the Board fully informed of the progress of the Company towards the achievement of its goals, strategies and plans, in a timely and candid manner, and the Board of Directors continually evaluates the performance of executive management toward these achievements.

### **Part II: Guidelines**

The following have been adopted by the Board as the guidelines applicable to the Board and its operations:

- These Terms of Reference for the Board of Directors and the mandates of the Board Committees, are approved by the Board and reviewed on a regular basis.
- The responsibilities of the CEO are set by the Board. The CEO is responsible for leading the development of long-range plans for the Company, including its goals and strategies. The Board, both directly and through its Committees, participates in discussions regarding strategy, by responding to the same and contributing ideas. The Board annually reviews and approves the Company's long range plan and annual business plan (including budgets).
- The Board believes that the appropriate size for the Board is between ten and fourteen members. There are currently ten directors, a number which the Board believes is appropriate and facilitates effective decision-making.
- Directors stand for re-election annually.



- The Board maintains a policy permitting directors to retain outside advisors at the expense of the Company, subject to the written approval of the Board Chair. In exercising this approval authority, the Board Chair will establish, on a case by case basis, reasonable monetary limits and other controls as deemed appropriate.
- The Board is comprised of a majority of unrelated directors.<sup>1</sup> The membership of the CEO on the Board of Directors is valuable and conducive to effective decision making, and as a general matter of policy, should continue.
- The Board supports the separation of the role of Chair from the role of CEO.
- The Board will evaluate the performance of the CEO at least annually. The evaluation will be based on criteria which include the performance of the business and the accomplishment of the CEO's qualitative and quantitative objectives as established at the beginning of each fiscal year of the Company.
- The Chair works with the CEO to establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Whenever feasible, important issues are dealt with over the course of two meetings. The first such meeting would allow for a thorough briefing of the Board, and the second would allow for final discussion and a decision.
- The Board meets at least quarterly, with an additional meeting to be scheduled for approval of the annual proxy circular, annual information form and other annual disclosure documents, as necessary.
- Whenever feasible, the Board receives materials at least one full weekend in advance of meetings. Presentations on specific subjects at Board meetings will only briefly summarize the material sent so that discussion can focus on questions regarding the proposals.
- The Board encourages the CEO to bring other executive officers into the Management section of the Board meetings. The presence of such executives is expected to bring additional insights into the discussions, because of the executives' personal involvement in, and knowledge of, specific agenda items. The benefit of exposing the Board to other executives, for succession planning and career development purposes, is recognized.
- The Board is responsible for assessing the performance and effectiveness of Directors on Board Committees and of the Board as a whole. The Board delegates the assessment process to the Corporate Governance Committee. The Corporate Governance Committee reports and makes

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<sup>1</sup> An unrelated director is a director who is independent of management and free from any interest and any business or other relationship which can, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company (including affiliated companies), other interests or relationships resulting from shareholdings in the Company. In general, this means that an unrelated director is neither a present or former employee of the Company and has no significant financial or personal tie to the Company other than share ownership and the entitlement to director's fees. A director who is a former employee ceases to be a related director three years after cessation of employment with the Company, provided that the director otherwise qualifies at that time as an unrelated director.

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recommendations to the Board on the assessments. The Chair works with the Corporate Governance Committee to ensure proper Board composition and succession and the Corporate Governance Committee reports to the Board on the same.

- The Corporate Governance Committee will assess Board effectiveness on a biennial basis.
- The Board, through the Corporate Governance Committee, reviews on an annual basis the appropriate skills and characteristics required of Board members in the context of the current makeup of the Board and objectives of the Company. This assessment will include issues of geography, age, experience, gender, independence, and skills all in the context of an assessment of the perceived needs of the Board and the Company at that point in time.
- The Audit Committee will consist entirely of outside and independent directors.
- From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board. The Chair and CEO are also ex-officio, non-voting members of those Committees of the Board of which they are not a listed member.
- The Human Resources and Compensation Committee reviews and reports to the Board annually on the Corporation's succession plan for senior management positions including the Corporation's succession plan for the position of President and Chief Executive Officer.
- At the conclusion of each Board meeting, the Board of Directors may choose to meet on an "in camera" basis without management. The Chair and the CEO should debrief on the substance of the in camera session.

### **Part III: Mandate of the Board of Directors**

#### **Goals of the Board**

The major goals and responsibilities of the Board are to:

- Establish policy direction and the fundamental objectives of the Company;
- Supervise the management of the business and affairs of Corus Entertainment;
- Identify the principal risks of Corus Entertainment's business, and ensure that there are systems in place to effectively monitor and manage these risks;
- Protect and enhance the assets of the shareholders of the Company and look after their interests in general;
- Ensure the continuity of the Company by assuming responsibility for the appointment of and succession to the office of the CEO, enforcing the articles and by-laws and by seeing that an effective Board is maintained;
- Make all decisions that are not delegable, as specifically provided for in the Act;



- Provide leadership and direction for the Corporation in establishing and maintaining a high standard of corporate ethics and integrity.

### Major Duties

The major duties of the Board are to:

1. Foster the long-term success of Corus Entertainment. Honour its fiduciary obligation to shareholders by ensuring that the best interests of Corus Entertainment and its shareholders prevail over any individual business interests of any member of the Board. Represent and safeguard the interests of all shareholders while recognizing that the interests of employees, customers, suppliers, and the general public must also be taken into account for the enterprise to continue being able to serve its owners. Monitor and work to improve return on, security of, and prospects for enhancement of the value of shareholder investment.
2. Determine and control in broad terms the purposes, goals, activities and general characteristics of Corus Entertainment. These duties range from establishing objectives, the scope of operations, and fundamental strategies and policies, to declaring dividends and approving annual budgets, major capital investments, mergers and acquisitions, the issuance or retirement of stock, and other specific actions that are likely to have a substantial effect on the Company or that of the Board is legally required to approve. Review with management the mission of the Company, its objectives and goals, and the strategies it proposes to use to achieve them. Monitor the Company's progress toward its goals and plans, and assume responsibility to revise and alter the Company's direction where warranted.
3. Appoint a CEO, monitor and evaluate his performance, provide for adequate succession to that position, and replace the CEO when appropriate. Appoint the other senior officers of the Company, and monitor their performance, ensuring that there is adequate succession to their positions, and that they are replaced when appropriate.
4. Ensure that the CEO is achieving acceptable current financial results relative to corporate objectives, budgets, and the economic environment, and is developing the resources necessary for future success. These resources include:
  - management competence, organization and depth;
  - fixed assets;
  - marketing capability – customer loyalty, distribution organization, market knowledge and so on;
  - work force and employee relations;
  - financial resources, including relations with the financial community; and
  - reputation.
5. Establish an overall compensation policy for the Company and monitor its implementation with special attention devoted to the executive group. Review the policy from time to time to ensure that it continues to be appropriate.



6. Oversee corporate financial operations, including:
  - capital structure management, maintaining reasonable financial flexibility and safety while achieving an appropriate return on equity;
  - financial results reporting;
  - allocation of assets, providing for increased investment in areas of high return while withdrawing funds from areas producing inadequate returns;
  - maintaining access to suitable sources of new capital;
  - pension funds and other major employee benefit programs;
  - dividend pay-out policy and action;
  - selection of outside auditors for approval by the shareholders; and
  - insurance.
7. Identify the principal risks of the Company's business and ensure implementation and monitoring of systems to effectively manage these risks.
8. Implement and ensure that systems are in place to monitor and maintain the integrity of the Company's internal control and management information systems.
9. Ensure that the Company has in place appropriate environmental, health and safety policies, having regard to legal, industry and community standards, and ensure implementation of management systems to monitor the effectiveness of those policies.
10. Ensure that systems are in place for communication and relations with stakeholder groups, including, but not limited to, shareholders, the investing public, employees, the financial community, and the communities in which Corus Entertainment operates, as well as Canadian Radio-television and Telecommunications Commission. Monitor system effectiveness and significant sensitive and legally required communications.
11. Ensure that the Company has systems in place which accommodate stakeholder feedback.
12. Collectively and individually respond constructively to requests for advice and assistance from the CEO.
13. Identify a Lead Independent Director.
14. Provide leadership and policy direction to management with a view to establishing and maintaining a high standard of legal and ethical conduct for the Company by:
  - taking all necessary steps to ensure that Corus Entertainment complies with applicable laws and regulations, and with its constating documents, including its Articles and By-laws, the Corus Code of Business Conduct, and that it operates to high ethical and moral standards -- being on the alert for and sensitive to situations that could be considered illegal, unethical or improper, and taking corrective steps;



- establishing the means of monitoring performance in this area with assistance of legal counsel;
- approving key operational policies and procedures and monitoring compliance therewith; and
- complying with legal requirements, including those pursuant to the Act, applicable to corporate boards of directors, including, without limitation, the duty to act honestly and in good faith with a view to the best interests of the Company, and the duty to exercise the care, diligence and skill that reasonably prudent people exercise in comparable circumstances.

15. Manage Board operations, including, without limitation:

- subject to any required shareholder approval, fix the size of the Board, review its composition and, when appropriate, identify new nominees to the Board;
- appoint appropriate Committees and Committee Chairs;
- define the duties and responsibilities of the Committees;
- influence the structuring of agendas and how meeting time is spent; and
- meet legal requirements with respect to corporate administration.