

# Charter of the Nominating, Compensation and Governance Committee

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This Charter of the Nominating, Compensation and Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Callidus Capital Corporation (the “Corporation”) was approved with effect from April 23, 2014.

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## GENERAL

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### 1. MANDATE

The Board has established this Committee to assist the Board in fulfilling its obligations relating to corporate governance matters, compensation matters, identifying qualified candidates for appointment to the Board and providing or assisting with evaluations of the Board, officers, the Board chair and committee chairs.

### 2. DEFINITIONS AND INTERPRETATION

#### 2.1 In this Charter:

- (a) “CEO” means the Chief Executive Officer of the Corporation;
- (b) “Chair” means the chair of the Committee;
- (c) “Director” means a member of the Board;
- (d) “External Auditor” means the Corporation’s independent auditor;
- (e) “Independent” shall have the meaning ascribed to it under s. 1.4 and s. 1.5 of NI 52-110;
- (f) “NEO” shall have the meaning ascribed to it under Form 6, s. 1.2 of NI 51-102;
- (g) “NI 51-102” means National Instrument 51-102 - *Continuous Disclosure Obligations*; and
- (h) “NI 52-110” means National Policy 52-110 – *Audit Committee*.

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## **COMPOSITION AND FUNCTIONS OF THE COMMITTEE**

### **3. COMPOSITION**

#### **3.1 Appointment and Removal of Members of the Committee**

- (a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board.
- (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 which 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.

#### **3.2 Number of Members**

The Committee shall consist of three or more Directors as determined by the Board from time to time.

#### **3.3 Independence of Members**

Subject to the exemptions in NI 52-110, each member of the Committee shall be Independent for the purposes of all applicable regulatory and stock exchange requirements and in such regard shall have no direct or indirect material relationship with the Corporation. For greater certainty, no officers or employees of the Corporation, its parent or its subsidiaries shall serve on the Committee.

#### **3.4 Qualification of Members**

All Committee members will have a working familiarity with corporate governance practices.

### **4. COMMITTEE CHAIR**

#### **4.1 Board to Appoint Chair**

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 Chair to be Appointed Annually**

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 Quorum**

A majority of the members of the Committee shall constitute a quorum. Members of the Committee may participate in any meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating by any such means shall be deemed to be present at that meeting.

### **5.2 Secretary**

The Chair of the meeting may appoint a secretary for the meeting with the consent of the Committee members who are present.

### **5.3 Time and Place of Meetings**

The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings provided that the Committee shall meet at least once in each financial year. The Committee shall have the authority to convene additional meetings as circumstances require.

### **5.4 Notice of Meetings**

Notice of meetings shall be given to each member not less than five business days before the time of the meeting, provided that meetings of the Committee may be held without formal notice if all of the members of the Committee are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting. Notice of meeting may be given verbally or delivered personally, given by mail, facsimile or other electronic means of communication and need not be accompanied by an agenda or any other material. The notice shall however specify the purpose or purposes for which the meeting is being held.

### **5.5 Minutes**

Decisions or recommendations of the Committee shall be evidenced by resolutions passed at meetings of the Committee and recorded in the minutes of such meetings or by an instrument in writing signed by all members of the Committee. A copy of the draft minutes of each meeting of the Committee and any written resolutions evidencing decisions or recommendations of the Committee shall be transmitted promptly by the Secretary to each member for adoption at the next meeting. The Committee shall report to the Board at each regularly scheduled Board meeting next succeeding any Committee meeting or the signing of any written resolution evidencing a decision or recommendation of the Committee.

## 5.6 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee. Any matter that the Committee does not unanimously approve will be referred to the Board for consideration and approval.

## 5.7 Invitees

The Chair may invite Directors, officers and employees 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 as may be deemed appropriate.

## 6. **RESOURCES AND AUTHORITY OF COMMITTEE**

### 6.1 Retaining and Compensating Advisors

The Committee shall have the resources and the authority to discharge its responsibilities, including the authority, in its sole discretion, to engage, at the expense of the Corporation, outside compensation consultants, independent legal counsel and other advisors and experts as it determines necessary to carry out its duties, without seeking approval of the Board or management of the Corporation.

### 6.2 Investigations

The Committee shall have the authority to conduct any investigation necessary and appropriate to fulfilling its responsibilities, and has direct access to and the authority to communicate directly with the External Auditor and the internal auditors, if applicable, the general counsel of the Corporation and other officers and employees of the Corporation.

## 7. **REMUNERATION OF COMMITTEE MEMBERS**

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

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## **RESPONSIBILITIES**

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## 8. **GENERAL**

The Committee shall assist the Board in fulfilling its oversight responsibilities with respect to: (i) the development and implementation of principles and systems for the management of corporate governance (“**Governance**”); (ii) identifying qualified candidates and recommending nominees for Director and Board committee appointments and evaluations of the Board, Board Committees, all individual Directors, the Board chair and committee chairs (“**Nominations and Reviews**”); and (iii) human resource and compensation matters (“**Compensation**”).

## **9. GOVERNANCE**

### **9.1 Corporate Governance**

The Committee shall, for recommendation to and approval by the Board:

- (a) regularly review the Corporation's Articles of Amendment and By-Laws;
- (b) develop a set of corporate governance principals and guidelines that are specifically applicable to the Corporation;
- (c) develop a clear position description for the CEO including the corporate goals and objectives that the CEO is responsible for meeting and review such position description once or more annually;
- (d) in consultation with senior management, implement a succession planning process, including appointing, training and monitoring NEOs and senior management;
- (e) in consultation with senior management, adopt a strategic planning process and approve, on at least an annual basis, a strategic plan for the Corporation;
- (f) assist with advising the Board on related party transactions and other matters involving conflicts of interest;
- (g) once or more annually, as the Committee decides, review and assess the adequacy of the Corporation's corporate governance system and, in the Committee's discretion, recommend any changes regarding the Corporation's corporate governance practices to the Board for consideration;
- (h) monitor developments and changes in corporate governance best practices and standards and requirements by all applicable regulating agencies, self-regulatory bodies and stock exchanges;
- (i) once or more annually, as the Committee decides, review and assess the codes and policies of the Corporation and, in the Committee's discretion, recommend any changes to the Audit Committee and the Board for consideration, as applicable; and
- (j) once or more annually, as the Committee decides, review and assess the charter for the Board and each Board committee and, in the Committee's discretion, recommend any changes to the Board Committees and/or Board, as applicable, for consideration.

### **9.2 Codes and Policies**

The Committee shall be responsible, in connection with the Board or other committees, as applicable, for overseeing and administering the Code of Conduct and Ethics, the Whistleblower Policy, the Insider Trading Policy, and the Related Party Transaction Policy in accordance with those codes and policies as written and amended from time to time (save for a circumstance in which the Related Party (as defined in the Related Party Transaction Policy) is

The Catalyst Capital Group Inc. or an investment fund established and managed by The Catalyst Capital Group Inc. or its affiliates, in which case any oversight or administration will be the responsibility of the Audit & Risk Committee).

**9.3**            Governance Disclosure

The Committee shall:

- (a) ensure that the Corporation's governance practices are fully disclosed in the annual proxy circular; and
- (b) take all reasonable steps to ensure that the Corporation's governance documents, specifically including the Code of Conduct and Ethics, the Whistleblower Policy, the Insider Trading Policy, and the Related Party Transaction Policy, the annual proxy circular, and all mandates set out in this Charter, are published on the Corporation's website and are made available to any shareholder on request.

**10.            NOMINATIONS AND REVIEWS**

The Committee shall, for recommendation to and approval by the Board:

- (a) annually review and assess the size, composition and operation of the Board to ensure effective decision-making;
- (b) after consulting with the Board chair and individual Directors, annually review and assess the size, composition and committee chairs of all Board committees;
- (c) identify and assess new candidates for appointment or nomination to the Board, including any nominee appropriately recommended by a shareholder, considering the performance, independence, skills and financial acumen of each candidate to ensure effective governance and satisfy applicable law;
- (d) annually review the individual Directors proposed to be nominated for election at the next annual general meeting of shareholders;
- (e) regularly review and assess the Corporation's policies on tenure and terms of individual Directors, the Board chair and committee chairs;
- (f) regularly review and assess (i) the performance of individual Directors, Board committees, the Board, committee chairs and the Board chair measured against applicable position descriptions and mandates, (ii) the skills of each individual Director and the Board as a whole, and (iii) the financial independence of each individual Director;
- (g) once or more annually, as the Committee decides, review and assess the position descriptions for the Board chair, each committee chair, the CEO, the Lead Director; and
- (h) to the extent feasible, satisfy itself as to the integrity of the senior executive officers and that the senior executive officers create a culture of integrity throughout the Corporation.

## 11. COMPENSATION

The Committee shall, for recommendation to and approval by the Board:

- (a) in consultation with senior management, establish the Corporation's general compensation philosophy, and oversee the development and implementation of compensation programs in order to support the Corporation's overall business objectives, attract and retain key executives and provide appropriate compensation at a reasonable cost while enhancing shareholder value creation;
- (b) review and approve any compensation programs applicable to the senior management, Directors and chairman of the Corporation;
- (c) prepare or receiving reports and making recommendations to the Board regarding employee benefits and employee pension plans;
- (d) set performance objectives of the CEO and evaluate the performance of the CEO based upon the CEO achieving the Corporation's financial and strategic objectives and with regard to competitiveness and appropriateness of compensation;
- (e) review the CEO's recommendations in respect of NEO annual incentive awards;
- (f) assist in the evaluation of other NEOs;
- (g) review the amount of compensation to Directors;
- (h) make recommendations to the Board with respect to the Corporation's incentive compensation plans, oversee the activities of the individuals and committees responsible for administering these plans, and discharge any responsibilities imposed on the Committee by any of these plans;
- (i) review any severance or similar termination payments proposed to be made to any current or former member of senior management of the Corporation;
- (j) oversee a process to identify a comparator group of Canadian companies for benchmarking purposes as one factor in determining compensation for senior management and review the composition of such comparator group on an annual basis;
- (k) prepare and provide an annual report on executive compensation for inclusion in the Corporation's annual proxy circular;
- (l) review executive compensation disclosure prior to any public disclosure;
- (m) conduct an annual review of senior management performance with regard to the position description, short-term and long-term corporate goals, objectives and performance measurement indicators and assess annual compensation in light thereof; and

- (n) any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Corporation's compensation programs.

## **12. OTHER DUTIES**

### **12.1 Director Orientation/Education**

The Committee shall:

- (a) oversee the development and implementation of the Director orientation program which will be tailored to the needs and areas of expertise of new Directors and include the following: (i) information about the duties and obligations of Directors, (ii) information about the Corporation's business and operations, (iii) the expectations of Directors (including, in particular, expected time commitments), (iv) opportunities to meet with management, and (v) access to documents from recent Board meetings ; and
- (b) oversee the development and implementation of the ongoing Director continuing education program including: education sessions on the Corporation's business including reports and presentations by internal and external presenters; individual and/or group education sessions from internal personnel or external consultants on topics of importance to Directors and the Corporation; visits to the Corporation's office to observe the Corporation's operations and, recommended formal educational opportunities through appropriate organizations to be made available to individual Directors and paid for by the Corporation.

### **12.2 Share Ownership Policies**

The Committee shall:

- (a) periodically review the policy on mandatory share ownership for directors and, in the Committee's discretion, recommend any changes to the Board for consideration; and
- (b) periodically review the policy on mandatory share ownership for management and, in the Committee's discretion, recommend any changes to the Board for consideration.

### **12.3 Committee Reporting**

The Committee shall:

- (a) following each Committee meeting, report to the Board on the activities, findings and any recommendations of the Committee; and
- (b) annually review and approve the Committee's corporate governance report for inclusion in the Proxy Statement.

### **12.4 Other**

The Committee shall:

- (a) carry out any other appropriate duties and responsibilities assigned by the Board,  
and
- (b) honour the spirit and intent of applicable law as it evolves.

**13. LIMITATION ON THE OVERSIGHT ROLE OF THE COMMITTEE**

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject. Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives financial and other information, and the accuracy of the information provided to the Corporation by such persons or organizations.

**Approved by the Board with effect from April 23, 2014**