

# SHERRITT INTERNATIONAL CORPORATION

## MANDATE OF THE BOARD OF DIRECTORS

### 1. GENERAL

The Board of Directors (the “Board”) is responsible for overseeing the management of the business and affairs of Sherritt International Corporation (the “Corporation”) according to lawful and ethical standards and in accordance with the Corporation’s viability as a going concern.

### 2. BOARD DUTIES AND RESPONSIBILITIES

#### Directors and Senior Management

- Appoint the Chairman, the President and CEO and other senior officers and, as permitted by applicable law, delegate to senior management responsibility for the Corporation’s day-to-day operations.
- Evaluate the performance of the Chairman and the President and CEO against the position descriptions developed by the Board.
- With the assistance of the Nominating and Corporate Governance Committee, ensure that management maintains a process that adequately provides for succession planning of senior management.

#### Ethical Leadership

- Foster an ethical corporate environment and ensure that the President and CEO and other senior officers manage the business and affairs of the Corporation in an ethical and legal manner and exhibit ethical leadership throughout the Corporation.

#### Strategic Direction and Risk Assessment

- With the assistance of the applicable Board committee, assess and approve management’s strategic plan and review and approve annual business plans developed and proposed by management. The Board will:
  - provide advice and input regarding strategic opportunities, issues and circumstances which could threaten the Corporation’s viability as a going concern
  - approve business and operational policies within which management will operate in relation to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management and human resources

- set annual corporate and management performance targets consistent with the Corporation's strategic plan
- review and discuss with management the process used by management to assess and manage risk, including the identification by management of the principal risks of the Corporation's business and the implementation by management of appropriate systems to deal with such risks
- confirm that processes are in place to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters

### **Financial Reporting and Management**

- With the assistance of the Audit Committee, the Board will:
  - review and oversee the integrity of the Corporation with respect to its compliance with applicable audit, accounting and financial reporting requirements
  - oversee the integrity of the Corporation's disclosure controls and procedures and internal controls over financial reporting, and management information systems
  - review operating and financial performance results relative to established strategies, plans, budgets and objectives
  - approve annual operating and capital budgets
  - approve the Corporation's annual financial statements and related management's discussion and analysis

### **Disclosure, Communications and Insider Trading**

- With the assistance of the Nominating and Corporate Governance Committee, satisfy itself that appropriate policies and procedures are in place regarding public disclosure, communications and restricted trading by insiders.

### **Corporate Governance**

- With the assistance of the Nominating and Corporate Governance Committee, the Board will:
  - ensure that there exists an appropriate system of corporate governance, including practices to facilitate the Board's independence

- ensure that the necessary Board committees are in place and approve their respective mandates and the authority delegated to each committee
- ensure that there exists appropriate processes for the regular evaluation of Board and committee effectiveness and the contributions of individual directors
- approve the nomination of directors

### **Compensation of Senior Officers and Directors**

- With the assistance of the Human Resources and Compensation Committee, the Board will:
  - approve the compensation of the Chairman, the President and CEO and senior management reporting directly to the President and CEO, as well as policies regarding the compensation of other senior officers
  - approve the compensation of directors

### **3. DIRECTOR DUTIES AND RESPONSIBILITIES**

- Each director must act honestly and in good faith with a view to the best interests of the Corporation and its shareholders by exercising the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In order to fulfill this responsibility, each director is expected to:
  - participate with management in assessing strategic and business plans
  - develop and maintain a thorough understanding of the Corporation's operational and financial objectives, financial position and performance and the performance of the Corporation relative to its principal competitors
  - participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration
  - disclose any personal interests that conflict with, or may appear to conflict with, the interests of the Corporation
  - engage in continuing education programs for directors, as appropriate

#### **4. BOARD COMPOSITION**

- With the assistance of the Nominating and Corporate Governance Committee, determine Board member qualifications and Board member independence to ensure that a majority of directors qualify as independent directors as determined under applicable Canadian securities laws.

#### **5. LEAD DIRECTOR**

##### **Appointment**

- In the event that there is a non-independent Chairman (as determined under applicable Canadian securities laws), upon the recommendation of the Nominating and Corporate Governance Committee, appoint from among its members a lead director who is an independent director (“Lead Director”)

##### **General**

- The Lead Director is responsible for ensuring that the Board operates independently of management and that directors have an independent leadership contact.

##### **Specific Roles and Responsibilities**

- The Lead Director will:
  - provide input to the Chairman on preparation of agendas for Board meetings
  - chair meetings of the independent directors and assume such other responsibilities which the independent directors as a whole may designate from time to time
  - ensure that independent directors have adequate opportunities to meet without management present
  - communicate to senior management as appropriate the results of private discussions among independent directors
  - monitor compliance with the Corporation’s governance policies
  - meet annually with each director to obtain insight as to areas where the Board and its committees could be operating more effectively

**6. BOARD MEETINGS**

- Board meetings are scheduled in advance and are held not less than quarterly
- In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation
- The Board may also take action from time to time by unanimous written consent
- A Board meeting may be called by the Chairman or any director.

(Updated June 2009)