LOBLAW COMPANIES LIMITED

MANDATE OF THE BOARD OF DIRECTORS

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1. ROLE

The role of the Board is to provide governance and stewardship to the Corporation. Its role is to review corporate strategy, assign responsibility to management for achievement of that strategy, establish limitations on the authority delegated to management and monitor performance against approved objectives. In fulfilling this role, the Board regularly reviews management's strategic plans so that they continue to be responsive to the changing business environment in which the Corporation operates. The Board oversees the Corporation's approach to corporate governance, succession planning, risk management activities, internal control over financial reporting, disclosure controls and procedures, and information systems. Through its oversight, the Board ensures that the Corporation accurately and fairly reports financial and other information to shareholders, other stakeholders and the public. The Board is required to appoint corporate officers. The Board satisfies itself as to the integrity of senior management, that the Corporation engages in ethical and legal conduct and that senior management maintains a culture of integrity throughout the Corporation.

2. RESPONSIBILITIES

To ensure that it fulfills its role, the Board will:

(a) Define Shareholder Expectations and Monitor Corporate Performance

- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.
- Monitor performance against both corporate strategic goals and objectives.

(b) Establish Strategic Goals, Performance Objectives and Operational Policies

The Board will review and approve broad strategic objectives and values against which corporate performance will be measured. In this regard, the Board will:

- Approve long-term strategies.
- Review and approve management's strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies within which management will operate.
- Approve significant acquisitions, sales of assets or shares, and material financing arrangements.

- Review the Corporation's dividend policy and approve the payment of dividends.
- Set targets and budgets against which to measure corporate and executive performance.
- Satisfy itself of the appropriateness of all executive and colleague compensation matters and that a portion of executive compensation is linked appropriately to corporate performance.
- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management.

(c) Delegate Management Authority to the Executive Chairman

- Delegate to the Executive Chairman the authority to manage and supervise the business of the Corporation, decisions regarding the Corporation's ordinary course of business and operations that are not specifically reserved to the Board under the terms of that delegation of authority.
- Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.

(d) Monitor Financial Disclosure

- Oversee the Corporation's financial reporting and disclosure obligations in accordance with applicable law.

- Approve the Corporation's financial statements, management's discussion and analysis and related releases and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.

(e) Monitor Enterprise Risk Management Program

- Approve management's approach to enterprise risk management, including the identification and assessment of the principal risks and oversee the management of those risks.
- Satisfy itself as to the effective oversight of risk management by the appropriate Committee or the Board through the receipt of periodic reports from the Chair of the Audit Committee.

(f) Oversee Effective External Communications

- Satisfy itself that there is effective communication between the Board and the Corporation's shareholders and other stakeholders and the public.
- At least annually, with the assistance of the Audit Committee, review and approve any material changes to the Corporation's disclosure policy.

(g) Monitor Corporate Governance

- Develop, and monitor compliance with, a set of corporate governance principles and guidelines.

- Appoint a lead director who is independent to provide leadership to the Board and the independent directors, including presiding over meetings or sessions of the non-management directors and consulting with the Executive Chairman on any matters arising out of such sessions.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- Review the Board's mandate on an annual basis and make appropriate revisions.
- Develop, adopt and regularly review position descriptions for the Executive Chairman, the Deputy Chairman, the lead director and the chair of each committee of the Board.
- Assess the effectiveness and performance of the Board and its committees as well as their individual members.

(h) Monitor Corporate Social Responsibility, Integrity and Ethics

- Ensure that senior executives maintain a culture of integrity throughout the Corporation.

- Adopt a written code of business conduct which is applicable to employees, officers and directors of the Corporation, and monitor compliance with the code.

- Monitor and receive reports on policies and practices related to corporate social responsibility.

3. COMPOSITION

The Board shall be comprised of a majority of independent directors. For this purpose, a director is independent if he or she would be Independent within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices*, as the same may be amended from time to time.

4. COMMITTEES

The Board has established committees and delegated appropriate authority and responsibilities to such committees as it approves from time to time. The Board has established the following committees:

- the Audit Committee (comprised entirely of independent directors);
- the Governance, Employee Development, Nominating and Compensation Committee, (comprised of a majority of independent directors);
- the Environmental, Health and Safety Committee;
- the Pension Committee; and
- the Executive Committee.

Circumstances may warrant the establishment of new committees, the disbanding of current committees or the reassignment of authority and responsibilities amongst committees. The authority and responsibilities of each committee are set out in a written charter, as approved by the Board. At least annually, each mandate shall be reviewed and, on the recommendation of the Governance, Employee Development, Nominating and Compensation Committee, approved by the Board. Each Committee Chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following the Committee's meeting.

5. ORIENTATION AND CONTINUING EDUCATION

With the Governance, Employee Development, Nominating and Compensation Committee, the Board shall ensure that all directors receive a comprehensive orientation program and continuing education in connection with their role, responsibilities, the business of the Corporation, and the skills they must use in their roles as directors.

6. EQUITY OWNERSHIP BY DIRECTORS

The Board shall oversee directors' compliance with the Corporation's equity ownership guidelines.