

## **CROMBIE REIT**

### **MANDATE OF THE BOARD OF TRUSTEES**

Management of the REIT is vested in the Board of Trustees, subject to the provisions of applicable statutes and the Declaration of Trust of the REIT.

The Board of Trustees of the REIT shall have explicit responsibility for the stewardship of the REIT including the strategic planning process, approval of the strategic plan, the identification of principal risks and implementation of systems to manage these risks, succession planning, operations, communications & reporting and the integrity of the REIT's internal control and management information systems. The Board discharges certain of its responsibilities through delegation to its committees as more particularly set out in the committee mandates.

The following points outline the key principles or guidelines governing how the Board will operate to carry out its overall stewardship responsibility:

#### **Chair**

The Board has adopted a policy of appointing a Lead Trustee if the Chair is not independent.

#### **Board Meetings**

The Board shall hold regular meetings at least once in each fiscal quarter, with additional meetings held as and when necessary. The Board shall function with a non-management chair and shall meet periodically without management present to ensure that the Board functions independently of management. At each Board meeting, in-camera meetings will take place as follows: 1) Full Board; 2) Full Board excluding management (i.e.CEO); 3) Independent elected Trustees; 4) Independent elected Trustees & CEO and 5) Full Board reconvenes. The Board shall maintain a policy which permits individual Trustees to engage outside advisors at the cost of the REIT, provided that approval is first obtained from the Governance and Nominating Committee.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the Trustees in their deliberations. Management attendees will be excused for any agenda items which are reserved for discussion among Trustees only.

#### **Board Contacts with Senior Management**

All of the Trustees shall have open access to the REIT's senior management. It is expected that Trustees will exercise judgement to ensure that such contact does not distract management from the REIT's business operations. Written communications from Trustees to members of management will normally be copied to the CEO.

### **Board Meeting Agendas and Information**

The Chair and the Lead Trustee, in consultation with the CEO and Corporate Secretary, will develop the agenda for each Board meeting. Agendas will be distributed to the Trustees before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting.

Information and reports pertaining to Board meeting agenda items will be circulated to the Trustees in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

### **Committees**

The Board will establish committees of its members to address specific matters. In particular, four Board committees shall be established: the Human Resources Committee, the Audit Committee, the Investment Committee and the Governance and Nominating Committee. All members of the committees shall be non-management trustees (except that the CEO will be a member of the Investment Committee). Each committee shall operate according to a written mandate approved by the Board. All members of the Audit and Governance & Nominating Committees shall be independent Trustees. Each Committee has a written mandate that is reviewed and approved annually.

### **Committee Meetings**

No Management trustee shall be a voting member of a committee (except that the CEO will be a voting member of the Investment Committee) but may attend all meetings as a non-voting, non-quorum member. The schedule and agenda for meetings of each committee will be determined by the committee Chair in consultation with management, the Board Chair and committee members. Each committee will report to the Board on the results of each committee meeting. The Chair of the Board and Lead Trustee will be non-voting, non-quorum members of each Committee.

### **Size of the Board**

The Board ordinarily consists of twelve trustees. This ensures a diversity of membership, expertise and opinion, as well as efficient operation and decision making. The Governance and Nominating Committee will review the size of the Board annually and make recommendations to the Board when it believes a change would be in the best interests of the REIT. The Board's maximum size is currently twelve Trustees per the Declaration of Trust.

### **Review of Independence of Trustees**

The Governance and Nominating Committee will review on an annual basis any relationships between Trustees and the REIT which might be construed in any way to compromise the designation of any Trustee as being independent of the REIT. The objective of such review will be to determine the existence of any relationships, to ensure that the composition of the Board remains such that the majority of the Trustees are independent and that where any relationships exist, the Trustee is acting appropriately.

### **Trustees Who Change Their Present Job Responsibility**

The Board shall maintain a policy which requires that a Trustee who makes a change in principal occupation will offer a resignation to the Board for consideration. It is not intended that Trustees

who retire or whose professional positions change should necessarily leave the Board. The Board will take the opportunity to review, through the Governance and Nominating Committee, the continued appropriateness of Board membership under such circumstances.

### **Governance**

The REIT shall make full and complete disclosure of its system of governance on an annual basis in its annual report or annual information circular. The Board, through the Governance and Nominating Committee, shall have responsibility for developing the REIT's approach to corporate governance, including the responsibility for this disclosure.

### **Board Assessment**

The Board is responsible for assessing and developing its effectiveness.

The Board, through the Governance and Nominating Committee shall engage management to establish and conduct orientation and education programs for new recruits to the Board, through which the performance expectations for Board members shall be communicated.

The Governance and Nominating Committee shall implement a process for assessing the effectiveness of the Board as a whole, the committees and the contributions of individual Trustees. The Board shall assess Trustees on an ongoing basis, including annual formal surveys of Trustees and ongoing assessments by the Chairman of the Board and the Chairman of the Governance and Nominating Committee.

The Governance and Nominating Committee shall also be responsible for recommending proposals to the Board concerning compensation of Trustees, including the adequacy and form of compensation.

The Governance and Nominating Committee shall have responsibility for the nominating function for elected Trustees of the REIT by recommending suitable candidates / nominees for election as Trustees. This process shall include a determination of the attributes, competencies, skills and personal qualities required of new Trustees to ensure ongoing renewal and diversity of the Board.

### **Strategic Planning**

Management is responsible for the development of individual business unit and corporate strategic plans which take into account, among other things, the opportunities and risks of the business, and for the implementation of strategic plans. The Board shall be responsible for the adoption of a strategic planning process and the approval of strategic plans, long term goals and objectives of the REIT developed by management. The Board shall monitor senior management's implementation of the plans and shall assess the achievement of the REIT's goals and objectives on an ongoing basis.

### **Managing Risk**

The Board shall have overall responsibility for creation and oversight of its Risk Appetite Framework (RAF), assessing the principal risks facing the REIT, delegation of risk management oversight to Committees & Board, ensuring the implementation of the appropriate strategies and systems to manage such risks, and reviewing any material legal matters.

Each Committee and the Board itself is assigned oversight responsibility of key risks identified in the RAF. The Audit Committee has primary responsibility to review and approve risk management policies as recommended by management, shall receive reports from management

on the risk profile of the REIT, risk mitigation activities & accepted risk thresholds and shall provide direction with respect to improvements to risk mitigation or changes to risk thresholds. The Audit Committee shall report its recommendations on such matters to the full Board on a regular basis. Each Board Committee also has specific risk oversight responsibility for key risks applicable to their mandates and shall report on such matters to the full Board on a regular basis.

### **Management, Human Resources and Succession Planning**

The Board selects, appoints and evaluates the performance of the CEO, and establishes appropriate compensation. In consultation with the CEO and the Human Resources Committee, the Board appoints all officers of the REIT and oversees the terms of employment, organization, training, development, evaluation, diversity and succession of executives reporting to the CEO specifically including the overall salary increase, incentive programs and awards made pursuant thereto for those executives (in addition to the CEO) whose compensation is subject to public disclosure.

The Board's evaluation of the performance of senior management, including approving the appointment of senior executives of the REIT will include reviewing their performance against the objective of maximizing unitholder value, measuring their contribution to that objective, and overseeing compensation policies.

### **Communications and Reporting**

The Board approves the content of the REIT's major communications to unitholders and the investing public including the Annual Report, Management Information Circular, the Annual Information Form, acquisition press releases and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the Management Discussion & Analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the REIT's external communications. However, the Board believes that it is the function of management to speak for the REIT in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public.

The Board shall have responsibility for reviewing the REIT's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the REIT in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the REIT's policies relating to communication and disclosure on an annual basis.

Generally, communications from unitholders and the investment community will be directed to the Chief Financial Officer, who will coordinate an appropriate response depending on the nature of the communication. It is expected, if communications from stakeholders are made to the Chair or other individual trustees, management will be informed and consulted to determine an appropriate response.

### **Internal Control and Management Information Systems**

The Board has responsibility for the integrity of the REIT's internal control and management information systems.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management and financial reporting is

complete and accurate, even though management may be charged with developing and implementing the necessary procedures.

### **Property Acquisitions and Operations**

All material matters relating to the REIT and its business require the prior approval of the Board. In particular, acquisitions, dispositions, development projects and capital expenditures or commitments in excess of certain dollar thresholds set out in the Investment Committee Mandate must be approved by the Board and/or the Investment Committee in advance. Management is authorized to act, without Board approval, on all ordinary course matters relating to the REIT's business.

The Board shall be responsible for monitoring the composition and operating performance of Crombie's portfolio to ensure it aligns with Crombie's strategic objectives and is managed in a reasonable and prudent manner with the objective of enhancing unitholder value. Management will regularly update the Board on material aspects of the following:

- portfolio diversification by property type, quality and geographic location
- tenant diversification and credit risk
- lease maturity exposure and new leasing activity
- occupancy, rental and tenant cost recovery results
- environmental risks and issues
- maintenance capital expenditures and deferred maintenance issues
- property development, redevelopment and land use intensification
- ongoing property valuation risks, opportunities and issues

### **Governance, Integrity and Corporate Conduct**

The Board oversees the ethical, legal and corporate social responsibility conduct of the REIT. The Board oversees the development of the REIT's corporate governance policies, principles and guidelines. The Board develops and monitors compliance with the REIT's Code of Business Conduct and Ethics for trustees, officers and employees.

Reviewed: February 28, 2019