



BOARD OF DIRECTORS CHARTER

PURPOSE

The Board of Directors (the “**Board**”) is elected annually by the shareholders of Medical Facilities Corporation (the “**Corporation**”) to supervise the management of the business and affairs of the Corporation, in the best interests of the Corporation. The Board shall assume responsibility for the stewardship of the Corporation by undertaking the following:

- Review and approve the strategic plan and business objectives of the Corporation that are submitted by executive management and monitor the implementation by executive management of the strategic plan. During at least one meeting each year, the Board will review the Corporation’s long-term strategic plans and the principal issues that the Corporation expects to face.
- Review the principal strategic, reporting and compliance risks for the Corporation and oversee, with the assistance of the Board’s standing committees, the implementation and monitoring of appropriate risk management systems and the monitoring of risks.
- Ensure the effective functioning of the Board and its committees in compliance with the corporate governance requirements of applicable laws, regulatory requirements and policies of the Canadian Securities Administrators.
- Ensure internal controls and management information systems for the Corporation are adequately designed, implemented, and monitored and are evaluated and reviewed periodically on the initiative of the Audit Committee.
- Assess the performance of the Corporation’s executive management, including oversight of the appropriate training, performance reviews and succession planning.
- Be responsible for the hiring and termination of the Chief Executive Officer (“**CEO**”), the role of the CEO and the performance review of the CEO, including the development of policies and principles for CEO selection and performance review and policies regarding succession in an emergency or upon retirement of the CEO.
- Monitor the compensation levels of executive management.
- Ensure that the Corporation has in place a disclosure policy for effective communication with shareholders, other stakeholders and the public generally.
- Select nominees for election to the Board; appoint directors to fill vacancies on the Board; appoint members of the various committees of the Board, and establish the form and amount of director compensation.

COMPOSITION

The directors (individually, a “**Director**” or, collectively, “**Directors**”) shall be elected by the shareholders at each annual meeting of shareholders to hold office until the next annual meeting of shareholders or until their successors are elected or appointed. The appointment and removal of Directors shall occur in accordance with the Corporation’s by-laws. A majority of the Board shall meet the independence requirements of applicable legislation, regulatory requirements, and policies of the Canadian Securities Administrators.

The Board should be comprised of that number of individuals which will permit the Board’s effective functioning. The Board collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight and stewardship of the Corporation’s business. All such factors will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. In maximizing the Board’s effectiveness, the Corporation takes a long-term, sustainable and measured approach. All Board appointments shall be based exclusively on merit, with the prime consideration being to maintain and enhance the Board’s overall effectiveness. The Corporation recognizes the importance of diversity, including gender diversity, in key decision making points in organizations and is supportive of the requirements of the Canadian Securities Administrators in this regard. Accordingly, the Board has adopted a Diversity Policy and will be guided by the principles set forth in the Diversity Policy in identifying and nominating candidates for election or re-election.

The Board shall not be required to establish a limit on the number of times a Director may stand for election, but shall consider nominations for re-election in the context of seeking an optimum composition to maximize overall effectiveness.

COMMITTEES

The Board may delegate authority to individual Directors and committees where the Board determines it is appropriate to do so. The Board expects to accomplish a significant amount of its work through committees and shall form at least the Audit Committee. The Board may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee should have a written charter and should report regularly to the Board, summarizing the committee’s actions and any significant issues considered by the committee.

RESPONSIBILITIES

The mandate of the Directors is the stewardship of the Corporation, and their responsibilities include, without limitation to their general mandate (as outlined above under “**Purpose**”), the following specific responsibilities:

1. Review and approve the Corporation’s strategic plan as recommended by executive management, defining the longer-term objectives and accomplishments aspired for the organization which take into account, among other things, the business opportunities and risks. Annually monitor the performance of the Corporation against the strategic plan.
2. Develop the Corporation’s approach to: (i) the nomination of the Directors; (ii) the enhancement of governance; (iii) matters relating to compensation of the Directors; and (iv) together with the Audit Committee, matters relating to strategy, financial reporting and internal controls.

3. Ensure that a majority of independent Directors approve all matters relating to the compensation and nomination of Directors. Any Director with a potential conflict of interest in such matters shall disclose the nature of the conflict to the Board, and the conflicted Director shall abstain from voting on the relevant issue.
4. Maintain a high standard for integrity and work ethic within the Board and management of the Corporation. The Board shall satisfy itself, to the extent feasible:
 - (a) as to the integrity of the CEO and other members of the management of the Corporation; and
 - (b) that the CEO and executives of the Corporation create a culture of integrity throughout the organization.
5. Undertake the following with respect to Corporate Governance and Compliance:
 - (a) Annually review the size of the Board and the number of Board members who are independent for the purpose of applicable requirements or guidelines and Corporation policies regarding Board member independence.
 - (b) Annually review the adequacy of the corporate governance guidelines and practices of the Corporation.
 - (c) Annually review the practices of the Board (including separate meetings of non-executive Board members) to identify improvements in corporate governance practices.
 - (d) Annually review the powers, mandates and performance, and the membership of the various committees of the Board.
 - (e) Annually review the performance of the Board, its committees, Board and committee chairs, and individual directors. The Chair of the Board will review with each of the individual directors the results of their review.
 - (f) Annually review the relationship between senior management and the Board with a view to ensuring that the Board is able to function independently of management.
 - (g) Annually review the succession plans relating to the position of the CEO and, in consultation with the CEO, other senior positions.
 - (h) Review the annual information form and the management information circular and other annual security filings prior to public disclosure by the Corporation.
 - (i) Review and oversee the Corporation's significant environmental, social and governance risks, strategies, policies, programs and practices.
6. Undertake the following with respect to Composition of the Board and Director Candidates:
 - (a) Review annually the composition of the Board and ensure it respects the objectives of this charter and the competencies, skills, diversity and personal qualities required of Board members, including: the objective of adding value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies;

the need to ensure the adequacy of expertise relevant to the Corporation's lines of business and markets; the need to ensure that a majority of the Board is comprised of individuals who meet the independence requirements of the applicable stock exchange rules, legislation or other guidelines; and that the Board is representative of the diversity of gender, cultural, demographic and geographic characteristics of the communities in which it operates and investors it represents.

- (b) Review annually the policies of the Board with respect to Board member tenure, retirement and succession and Board member commitments.
 - (c) Establish and oversee an appropriate orientation and education program for new Board members in order to familiarize them with the Corporation and its business (including the Corporation's reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors).
 - (d) Actively seek individuals qualified (in context of the Corporation's needs and any formal criteria established by the Board) to become members of the Board.
 - (e) Annually review directors' and officers' insurance coverage and, from time to time, review the directors' and officers' indemnification agreement.
 - (f) Review the membership and allocation of Board members to the various committees of the Board, and the chairs thereof.
 - (g) Review the compensation of non-executive Board members, the chair of the Board, and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.
 - (h) Appoint and, if appropriate, terminate any search firm to be used to identify Board candidates and any compensation consultant to be used to assist in the evaluation of Board compensation and to approve the search firm's and compensation consultant's fees and other retention terms.
7. Undertake the following with respect to engagement and compensation of senior executives:
- (a) Oversee the hiring and termination of the CEO of the Corporation. The CEO shall inform the Board concerning the hiring and termination of the CEO's direct reports.
 - (b) Annually review the Corporation's compensation strategy to ensure it is viable, current and aligned with the long-term goals and objectives of the Corporation.
 - (c) Annually review the Corporation's executive compensation programs and practices for senior executives, including incentive-compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, and change in control arrangements or provisions, and any special or supplemental benefits.
 - (d) Annually review and approve the position description and performance goals and objectives of the CEO. Determine the CEO's performance goals annually to ensure his or her goals are aligned with the strategy and goals of the Corporation. Evaluate the CEO's annual performance in light of those goals and objectives, and determine the CEO's compensation levels based on that evaluation.

- (e) Approve share-based and option-based awards to senior executives under any of the Corporation's stock option or share-based plans.
 - (f) Annually, in consultation with the CEO, review key human resources policies and programs in place and under development related to manpower planning, management development, succession planning, career path planning and performance evaluation and their consistency with the strategy of the Corporation.
 - (g) Annually, in consultation with the CEO, review the Corporation's policies on salary administration, recruitment, job evaluation, pay and employment equity, basic incentive and total cash compensation, retirement benefits, and long-term incentives.
 - (h) Annually review the Corporation's policies and practices for ensuring that the Corporation complies with legal prohibitions, disclosure and other requirements on making or arranging for personal loans and amending or extending any such loans or arrangements.
 - (i) Select and engage any compensation consultant to assist in the evaluation of senior executive compensation and approve the consultant's fees and other retention terms.
 - (j) Review all executive compensation disclosure prior to public disclosure by the Corporation.
 - (k) Provide advice concerning the above-listed matters in respect of management of MFA, MF IMD and MFH.
 - (l) Advise the Board concerning MFH's oversight responsibilities and contractual rights in respect of executive performance at the Corporation's indirect subsidiaries.
8. Adopt disclosure and securities compliance policies, including, without limiting the foregoing, communication policies of the Corporation.
9. With the assistance of the Audit Committee:
- (a) ensure the integrity of the Corporation's internal controls and management information systems;
 - (b) ensure the Corporation's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Corporation's own governing documents;
 - (c) identify the principal financial and non-financial enterprise risks of the Corporation's business and ensure that appropriate systems are in place to manage these risks;
 - (d) review and approve significant operational and financial matters and provide direction to management on these matters; and
 - (e) review and approve the interim and annual financial statements, including the notes thereto, and related disclosure materials.
10. Oversee policies for disclosure of corporate information to facilitate effective communications with shareholders, other stakeholders and the public, and monitor and review feedback provided by the Corporation's various stakeholders.

11. Declare dividends payable to the shareholders.
12. Review major decisions which require the approval of the Board and, where appropriate, approve such decisions as they arise.
13. Review, assess and update this charter as deemed appropriate by the Board.
14. Perform such other functions as prescribed by law or assigned to the Board in the by-laws of the Corporation.

MEETINGS

The Board will meet a minimum of four times per year and as needed to conduct the business of the Board. All members of the Board should strive to be at all meetings. Subject to the Corporation's by-laws, a quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of Directors then holding office and, notwithstanding any vacancy among the number of Directors, a quorum of Directors may exercise all of the powers of the Directors.

The non-executive Directors of the Board may meet separately, periodically, without executive management, and may request any member of executive management or the Corporation's outside counsel or independent auditor to attend meetings of the Board or with advisors thereto.

Minutes shall be maintained for all meetings together with copies of materials presented at meetings and copies made available to all Board members, with the exception of special meetings of the non-executive Directors for which the maintenance and distribution of minutes shall be at the discretion of the Chair of the Board.

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

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the Directors 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.

INDEPENDENT ADVICE

In discharging its mandate, the Board shall have the authority to retain, at the expense of the Corporation, special legal, accounting, or other advisors as the Board determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

Annually, or more frequently at the request of the Chair as a result of legislative or regulatory changes, the Board shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Board and its members and committees, including the compliance of the Board with this charter.

- Review and assess the adequacy of this charter and those of its committees and make any changes the Board determines appropriate.

MEASURES FOR RECEIVING FEEDBACK

All publicly disseminated materials shall provide for a mechanism for feedback from the Corporation's stakeholders.