



## **CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE CHARTER**

### **PURPOSE**

The Corporate Governance, Nominating and Compensation Committee (the “**Committee**”) of Medical Facilities Corporation (the “**Company**”) is appointed by the board of directors of the Company (the “**Board**”) to assist the Board in discharging its responsibilities relating to:

- develop and recommend appropriate corporate governance guidelines for the Company;
- annual review of the performance of the Board, its committees and individual directors;
- review and oversight of the annual regulatory filings;
- develop and recommend criteria for selecting new Board members and identifying and considering candidates;
- recommend the director nominees for each annual meeting of shareholders, and make recommendations concerning membership of each committee of the Board;
- recommend the form and quantum of compensation for non-executive directors, committees and chairs of the Board and its committees;
- review and oversight of the evaluation of the performance of the Company’s senior executives;
- design and recommend the compensation framework of the Company’s senior executives, including compensation plans, benefit plans, policies and programs;
- oversight of succession planning and development with respect to the Company’s senior executives;
- oversight of the executive performance at the Company’s direct subsidiaries, Medical Facilities America, Inc. (“**MFA**”) and Medical Facilities IMD Holdings, Inc. (“**IMD**”) and indirect subsidiary, Medical Facilities (USA) Holdings, Inc. (“**MFH**”) (together with the Company, the “**MFC Group**”); and
- oversight of the responsibilities and contractual rights of MFA, IMD and MFH in respect of executive performance at the Company’s subsidiaries.

### **REPORTS**

The Committee shall report to the Board on a regular basis and before any public disclosure by the Company on compensation and governance matters.

The Committee shall review and approve reports on executive compensation as required by applicable legislation and regulation and/or pursuant to the Company's undertaking to provide necessary information to comply with its disclosure obligations.

The Committee shall prepare a report on the Company's corporate governance practices for inclusion in the management information circular or other public disclosure documents of the Company, including a report disclosing the extent (if any) to which the Company does not comply with corporate governance guidelines of applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators or other relevant corporate governance guidelines.

The Committee shall report to the Board annually with an assessment of the performance of the Board, its committees and individual directors. The chair of the Board shall also discuss the report with all members of the Board.

### **COMPOSITION**

The members of the Committee shall be two or more Board members who are appointed (and may be replaced) by the Board. The members shall be appointed annually and the chair shall be determined by the Board, failing which the committee members and chair shall continue on the Committee. The Committee shall meet the independence requirements of any relevant regulatory authority or stock exchange on which securities of the Company are listed.

Any member of the Committee will abstain from voting on any matter in which he or she has, or may have, a conflict of interest. In such event, the Board or the Committee members who are not so conflicted, may appoint from the MFC Board an interim member of the Committee for purposes of considering and/or approving such matter. Such interim member may serve only for such purpose.

### **REMUNERATION OF THE COMMITTEE MEMBERS**

The 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.

### **RESPONSIBILITIES**

#### **Corporate Governance and Compliance**

The Committee shall:

- Make recommendations concerning the oversight of senior management.
- 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 Company policies regarding Board member independence.
- Annually review the adequacy of the corporate governance practices of the Company and recommend any proposed changes to the Board for approval.
- Annually review the practices of the Board (including separate meetings of non-management Board members) to identify improvements in corporate governance practices.
- Annually review the powers, mandates and performance, and the membership of the various committees of the Board and, if appropriate, make recommendations to the Board.
- Annually review the performance the Board, its committees, Board and committee chairs, and individual directors and report to the Board the results of the review. The chair of the Board will review with each of the individual directors the results of their review.

- Annually review the relationship between senior management and the Board and, if appropriate, make recommendations to the Board with a view to ensuring that the Board is able to function independently of management.
- Annually review with the Board the succession plans relating to the position of the CEO and, in consultation with the CEO, other senior positions and make recommendations to the Board with respect to the selections of individuals to occupy these positions.
- Review and recommend to the Board the Annual Information Filing and the Management Information Circular and other annual security filings prior to public disclosure by the Company.

### **Director Candidates**

The Committee shall:

- Review annually the competencies, skills, diversity and personal qualities required of Board members, including: the objective of adding value to the Company in light of the opportunities and risks facing the Company and the Company's proposed strategies; the need to ensure the adequacy of expertise relevant to the Company'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.
- Review annually the policies of the Board with respect to Board member tenure, retirement and succession and Board member commitments and, if appropriate, make recommendations to the Board.
- Establish and oversee an appropriate orientation and education program for new Board members in order to familiarize them with the Company and its business (including the Company's reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors).
- Actively seek individuals qualified (in context of the Company's needs and any formal criteria established by the Board) to become members of the Board for recommendation to the Board.
- Annually review directors' and officers' insurance coverage and, from time to time, review the directors' and officers' indemnification agreement and recommend any changes to the Board.
- Review and recommend to the Board the membership and allocation of Board members to the various committees of the Board, and the chairs thereof.
- From time to time, review and make recommendations to the Board with respect to 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.
- 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.

## Engagement/Compensation of Senior Executives

The Committee shall:

- Make recommendations to the Board concerning the hiring and termination of the CEO of the Company. Upon the recommendation of the CEO, the Committee shall review and approve the hiring and termination of the CFO and report to the Board. The CEO shall inform the Committee concerning the hiring and termination of the CEO's other direct reports.
- Annually, review the Company's compensation strategy to ensure it is viable, current and aligned with the long term goals and objectives of the Company.
- Annually review and make recommendations, as appropriate, to the Board with respect to the Company'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.
- Annually review and approve the position description and performance goals and objectives of the CEO. Recommend to the Board the CEO's performance goals annually to ensure his or her goals are aligned with the strategy and goals of the Company. Evaluate the CEO's annual performance in light of those goals and objectives, and recommend to the Board the CEO's compensation levels based on that evaluation.
- Approve awards to employees of stock or stock options pursuant to the Board's approval of total periodic awards under any of the Company's employee stock option or stock-related plans.
- 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 Company.
- Annually, in consultation with the CEO, review the Company's policies on salary administration, recruitment, job evaluation, pay and employment equity, basic incentive and total cash compensation, retirement benefits, and long-term incentives and recommend changes to the Board, if appropriate.
- Annually review the Company's policies and practices for ensuring that the Company complies with legal prohibitions, disclosure and other requirements on making or arranging for personal loans and amending or extending any such loans or arrangements.
- Select, engage and compensate any compensation consultant to assist in the evaluation of senior executive compensation and to approve the consultant's fees and other retention terms.
- Review and recommend to the Board all executive compensation disclosure prior to public disclosure by the Company;
- Provide advice concerning the above-listed matters in respect of management of MFA, IMD and MFH.
- Advise the Board concerning MFH's oversight responsibilities and contractual rights in respect of executive performance at the Company's indirect subsidiaries.

## **MEETINGS**

The Committee shall meet at least quarterly and more frequently as circumstances require. A quorum for meetings shall be a majority of the members of the Committee present in person or by telephone. All decisions shall be decided by a majority of the members present at the meeting.

Minutes of meetings shall be maintained, together with copies of materials presented at meetings, and copies be made available to all Board members.

The Committee may request any officer or employee of the Company or the Company's outside counsel to attend meetings of the Committee or with any members of, or advisors to, the Committee. The CEO may be present at meetings of the Committee.

The Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so.

## **INDEPENDENT ADVICE**

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

## **ANNUAL EVALUATION**

Annually the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this charter.
- Review and assess the adequacy of this charter and recommend to the Board any improvements to this charter that the Committee believes to be appropriate.