



**Viocity**

## **Trustees Roles and Responsibilities**

### **The Board of Trustees Definition**

A REIT's governance structure is very similar to that of a corporation. The trustees ultimate role is to ensure the long-term viability of the trust and represent the best interests of the REIT's unit-holders (Investors). The majority of trustees for this reason will always be independent (as defined by National Instrument 51-110 Section 4) of the REIT's Management / Sponsors. The trustees will implement and oversee the management structure to operate the REIT on a day-to-day basis. Trustees will form and chair any committees as required for the effective operation of the REIT including audit and compensation committees. The trustees are in place to help guide the REIT and keep management accountable and on strategy to it's unit-holders.

### **Mandate for Viocity Board of Trustee Member**

The board of trustees for Viocity is elected by the unit-holders of the trust on an annual basis at each AGM meeting for the following 1 year term. There is no maximum to the number of consecutive terms that a trustee may sit on the board. The board is responsible for the stewardship of the activities and affairs of the trust. The trustees seek to discharge this responsibility by reviewing, discussing and approving the trust's strategy, organizational structure, and supervising management. Ensuring the trust is operating effectively to enhance and preserve the value of the trust for all unit-holders. Although trustees may be elected by the unit-holders to bring special expertise or specific skills to the board, they are not chosen to represent any particular constituency. The best interests of the trust and it's unit-holders must be paramount at all times.

### **Personal and Professional Expectations of a Trustee**

Viocity uses the following criteria when evaluating incumbent trustees and potential nominees for election to the board made by it's unit-holders:

1. The individual has high ethical and integrity standards in personal, professional, and business dealings.
2. The individual brings relevant business or valuable experience to compliment the board.
3. The individual can contribute to the development of the REIT's strategic alliances.
4. The individual has a strong existing network of support to help grow the REIT.
5. The individual understands the role, responsibilities, expectations, legal duty, and time commitments required to be a trustee.
6. The individual has strong listening, communication, and collaboration skills.
7. The individual will be able to meaningfully contribute to the board and it's committees.
8. The individual does not have a conflict of interest relating to the business affairs of the REIT or it's affiliates and is free to always act in the best interests of the REIT and its unit-holders.
9. The individual is financially literate and does not require significant education to perform in their role as a trustee.
10. By adding the individual to the board the majority of board members are still classified as Independent as defined in NI51-110 Section 1.4

## Meetings

The board shall meet regularly at least once in each quarter, with additional meetings held when necessary to ensure its duties can be properly carried out. The board will hold at least one special meeting every year where it meets to specifically discuss the REIT's strategic plans and business plan. The procedures and agenda for meetings of the board shall be determined by the Chair of the board, unless otherwise determined in the declaration of trust. The REIT expects that all trustees will make every possible effort to attend meetings in person when possible or via conference call. Trustees will also be expected to attend meetings for any committee they are a part of.

## Duties of Trustees

The board of trustees discharges its responsibility of overseeing management of the trust's day-to-day activities and affairs by delegating the trust's senior officers this responsibility. The board discharges its responsibilities both directly and by delegation through its standing committees; audit committee, and compensation committee. As well the board may form any other regular or ad-hock committee it may require to address issues.

The board's primary roles are overseeing managements performance and effective operation of the trust. Other principal duties include, but are not limited to:

### 1. Appointment of Management

- The board is responsible for overseeing management and reviewing matters relating to senior management and succession planning.
- In approving the appointment of the CEO and all other senior management.
- The board from time to time delegates senior management the authority to enter into agreements and financial transactions, subject to specified limits so long as they are on strategy. Investments and other expenditures that fall outside of strategy or above specified limits require the prior approval of the board.
- The board oversees that succession planning programs, and educational training is in place to further develop management.

### 2. Board Organization

- The board will respond to all recommendations received from the committees, but retains responsibility for managing its own affairs by giving approval for its composition and size, the selection of the chair, candidates nominated to the board, committee charters, and trustee compensation. At all times, a majority of trustees will be Canadian residents and independent as defined in NI 51-110 Section 1.4. There shall always be an odd number of trustees on the board with a minimum of 5 trustees and a maximum of 11.
- The board may establish committees of the board where required and define their mandate and size. The board may delegate to committees matters it is responsible for, including the approval of compensation of the board and senior management, the granting of performance bonuses, and the conduct of performance evaluations. However the board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

### 3. Strategic Planning

- The board has oversight responsibility to participate directly, and through its committees to review, advise, and approve the strategy of the trust on at minimum an annual basis.
- The board is responsible for participating in the development, review, and approval of the REIT's financial and strategic plans to ensure the trust may meet its goals.
- The board is responsible for supervising the activities, investments, and approving major decisions of the trust.
- The board will consider alternate strategies in response to possible take-over bids or changes in management control with a view to maximizing value for unit-holders.
- The board is responsible for monitoring and reviewing the holdings of the trust and the debt strategy of the trust to ensure both are on strategy.

## Duties of Trustees continued

### 4. Monitoring of Financial Performance and Reporting

- The board is responsible for enhancing congruence between unit-holder expectations, trust strategy, and management performance.
- The board is responsible for adopting a process to monitor the trusts progress towards it's strategic goals and revise strategy and managements direction when required.
- The board is responsible for approving the audited financial results, quarterly financial statements, and the management discussion and analysis accompanying these statements.
- The board is responsible for approving material transactions and those matters which the board is required to approve under the declaration of trust. Including the payment of distributions, purchase and redemption of units, acquisition and disposition of assets.

### 5. Risk Management

- The board is responsible for overseeing and ensuring proper systems are in place to monitor and manage risks with a view of ensuring the long-term viability of the trust and achieving a proper balance between risks incurred and potential returns to unit-holders.

### 6. Policies and Procedures

- The board is responsible for approving and assessing compliance with all significant policies and procedures carried out by the REIT.
- The board is responsible for approving policies and procedures designed to ensure all applicable laws and regulations are adhered to and in accordance with ethical, environmental, and moral standards.
- The board is responsible for supporting a corporate culture of integrity, who as a good corporate citizen considers, best environmental practices, community needs, and social responsibilities.
- The board shall enforce it's policy respecting confidential treatment of the trusts proprietary information, and that of it's clients.

### 7. Reporting and Communications

- The board has approved and will revise from time to time policies to address communications with unit-holders, employees, analysts, regulatory authorities, media, and strategic partners.
- The board is responsible for overseeing the accurate reporting of financial performance of the trust to unit-holders on a quarterly and annual basis.
- The board is responsible for overseeing that financial results are reported fairly and in accordance with International Financial Reporting Standards (IFRS).
- The board is responsible for the timely and fair dissemination of any developments that may have a material impact on the REIT.
- The board is responsible for determining the amount and timing of distributions to it's unit-holders.

### 8. Advisors

- The board may, at the trustees expense, engage any external financial, legal, or other advisor as it might deem necessary to permit it to carry out it's duties and responsibilities.

### 9. Unit Ownership

- To ensure that trustees best represent it's unit-holders, trustees must also be unit-holders of REIT units themselves.
- Each trustee must hold units equivalent to 5 times the aggregate market value of the expected annual compensation for the trustee.
- Newly elected trustees will have a period of 6 months to acquire the necessary units of the trust.
- Existing trustees who's compensation has increased year over year will also have a period of 6 months to acquire the additional necessary units of the trust.
- Once the trustee has achieved his or her required units, they will be expected to maintain that minimal level for the duration of their trustee term.

### 10. Conflicts of Interest

- Trustees are expected to identify in advance any conflicts or potential conflicts of interest regarding matters coming before the board or it's committees and will refrain from voting on such matters.

## Duties of Trustees continued

### 11. Change of Circumstance

- Trustees are responsible for informing the board of any significant life changes personal or professional that may materially impact their ability to perform effectively as a trustee.
- If a trustee started as an independent trustee as defined by NI 51-110 Section 1.4 they must notify the board immediately if their situation changes and they can no longer be considered an independent trustee.
- If a trustee's personal or professional circumstances change in such a manner that they will now be in a conflict with the business the REIT performs they must notify the board immediately.

### 12. Resignation Events

- A trustee will be expected to tender their resignation if they are unable to attend at least 75% of the regular board meetings, unless the board determines there are extenuating circumstances to explain the absence.
- A trustee will be expected to tender their resignation if they become involved in a legal dispute, regulatory proceeding, or are found guilty of a crime which could negatively impact the reputation of the REIT and/or impact the trustee's ability to perform their role.
- A trustee will be expected to tender their resignation if they become involved with a group, business, political party, or personal responsibility which conflicts with the goals of the REIT.
- A trustee will be expected to tender their resignation if they are unable or unwilling to acquire and/or maintain the minimum number of REIT units as defined in section 9 above.
- A trustee will be expected to tender their resignation if their personal or professional situation changes materially for any reason which may affect their ability to properly carry out their duties with the REIT.

This Trustees Roles and Responsibilities Document was reviewed and approved by the board of trustees of Viocity REIT on the \_3rd\_ day of \_January\_, 2017.

### Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
- (a) an individual who is, or has been with in the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:
    - (i) is a partner of a firm that is the issuer's internal or external auditor,
    - (ii) is an employee of that firm, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of a firm that is the issuer's internal or external auditor,
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
  - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
  - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
  - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or
  - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.