

**CHARTER OF THE COMPENSATION COMMITTEE**

**OF**

**POLLARD BANKNOTE LIMITED**

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## **POLLARD BANKNOTE LIMITED**

### **CHARTER OF THE COMPENSATION COMMITTEE**

#### **Authority**

The Compensation Committee (the “Compensation Committee”) is responsible for assisting the Board of Directors (the “Board”) of Pollard Banknote Limited (the “Corporation”) in discharging its responsibilities relating to executive hiring, assessment, compensation and succession planning. The Compensation Committee may engage outside advisors at the expense of the Corporation in order to assist the Compensation Committee in the performance of its duties and set and pay the compensation for such advisors.

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or the members of the Compensation Committee.

#### **Structure**

- a) The Compensation Committee is composed of at least three Directors, all of whom are non-management directors, and a majority of whom qualify as unrelated (as defined in the Toronto Stock Exchange’s Company Manual) and independent (as defined under applicable securities laws) directors, as determined by the Board. The Chair of the Compensation Committee shall qualify as unrelated (as defined in the Toronto Stock Exchange’s Company Manual) and independent (as defined under applicable securities laws).
- b) The Chair and the members of the Compensation Committee shall be appointed by resolution of the Board to hold office from time of their appointment until the next annual general meeting of shareholders or until their successors are so appointed. The Chair of the Compensation Committee shall appoint a Secretary of the Compensation Committee for each meeting. Members of the Compensation Committee may be reappointed to serve consecutive terms.
- c) Vacancies at any time occurring in the Compensation Committee shall be filled by resolution of the Board in accordance with the terms of the mandate.
- d) If the Chair of the Compensation Committee is unable to act as such at a meeting, the Compensation Committee shall select one of the members to act as Chair for that meeting only.
- e) The Compensation Committee shall meet as required, but at least annually. Such meetings can be held by telephone or by any other means which enables all participants to communicate with each other simultaneously.
- f) A quorum at meetings of the Compensation Committee shall be a majority of the members. All decisions and recommendations made by the Compensation Committee shall be made by a majority vote of the members present at the meeting.

- g) The provisions of the Articles and By-laws of the Corporation that regulate meetings and proceedings shall govern Compensation Committee meetings.
- h) The Chair shall approve the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.
- i) Any officer may attend meetings of the Compensation Committee upon invitation.
- j) The minutes of the Compensation Committee meetings shall accurately record the significant discussions of and decisions made by the Compensation Committee, including all recommendations to be made by the Compensation Committee to the Board and shall be distributed to Compensation Committee members as well as to all the Directors of the Corporation, with a copy to the Co-Chief Executive Officers of the Corporation.

### **Responsibilities**

The Compensation Committee of the Corporation will perform the functions customarily performed by such committees. Among its duties are the following:

- a) Executive Hiring and Compensation
  - Recommend to the Board the appointment of the Chief Executive Officer(s) and approve the terms and conditions of their appointment and retirement or termination;
  - Assess annually the performance of the Chief Executive Officer(s) against specific performance criteria; and to report annually to the Board on the foregoing;
  - Consider and recommend annually for approval by the Board all forms of compensation for its Chief Executive Officer(s);
  - Ensure that appropriate processes are in place regarding succession planning for the position of Chief Executive Officer(s) and other members of senior management;
  - Administer the Share Option Plan of Pollard Banknote Limited;
  - Review the annual report on senior management compensation for the inclusion in the Corporation's Management Proxy Circular, in accordance with applicable rules and regulations; and
  - Review annually the Directors' compensation.
- b) Reporting
  - Report, through the Chair, to the Board following each meeting on the significant discussions of and decisions made by the Compensation Committee; in this respect, the minutes of the Compensation Committee shall be made available and distributed to the other members of the Board.

- Review the Compensation Committee's mandate annually and recommend changes to the Board as appropriate. The Compensation Committee shall ensure that processes are in place to evaluate the performance of the Compensation Committee annually.