

**CHARTER OF THE
GOVERNANCE AND NOMINATING COMMITTEE
OF
POLLARD BANKNOTE LIMITED**

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POLLARD BANKNOTE LIMITED
CHARTER OF THE GOVERNANCE AND NOMINATING COMMITTEE

Authority

The Governance and Nominating Committee (the “Committee”) assists the Board of Directors (the “Board”) of Pollard Banknote Limited (the “Corporation”) in (i) developing the Corporation’s approach to corporate governance issues, (ii) proposing new Board nominees and director nominees for each committee of the Board, (iii) assessing the effectiveness of the Board and its committees as a whole and the contribution of individual members, and (iv) orienting new Directors. The Committee may engage outside advisors at the expense of the Corporation in order to assist the 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 conduct under such statutory or regulatory requirements for the directors of the Corporation or the members of the Committee.

Structure

- a) The 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 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 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 Committee shall appoint a Secretary of the Committee for each meeting. Members of the Committee may be reappointed to serve consecutive terms.
- c) Vacancies at any time occurring in the Committee shall be filled by resolution of the Board in accordance with the terms of the mandate.
- d) If the Chair is unable to act as such at a meeting, the Committee shall select one of the members to act as Chair for that meeting only.
- e) The Committee shall meet as required. 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 Committee shall be a majority of its members. All decisions and recommendations made by the 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 the 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 to study prior to the meeting.
- i) Any officer may attend meetings of the Committee upon invitation.
- j) The Minutes of the Committee shall accurately record the significant discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to Committee members as well as to all the Directors, with a copy to the Co-Chief Executive Officers of the Corporation.

Responsibilities

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

- a) Board and Committee Composition and Performance
 - Monitor the size and composition of the Board and its committees to ensure effective decision-making.
 - Develop and review criteria as well as establishing procedures for selecting directors by regularly assessing the competencies, skills, personal qualities, business background and diversified experience of the Board and the Corporation's circumstances and needs.
 - Identify candidates qualified to become Board members and recommending nominees for election at the next annual or special meeting of shareholders.
 - Retain any independent recruiting firm to identify director candidates, including fixing such firm's fees and other retention terms.
 - Recommend to the Board the composition of committees.
 - Review and monitor the organization and conduct of Board and committee meetings.
 - Review periodically the mandates of the Board and its committees.
 - Develop and monitor appropriate processes for the periodic performance and effectiveness assessment of the Board, Board committees and individual directors.
 - Review and make recommendations to the Board on the adequacy and form of the compensation for non-executive directors, the Chair of the Board and committee chairs.
 - Retain any independent firm to advise on director's compensation, including fixing such firm's fees and other retention terms.

b) Corporate Governance

- Develop, review and monitor disclosure of corporate governance principles and procedures applicable to the corporation in light of applicable laws, rules and regulations and recommend to the Board any changes that should be made thereto.
- Develop, review and monitor procedures for meeting the Board's information needs, including formal and informal access to officers of the Corporation and external advisors.
- Review the Corporation's general policy on insider trading and insider reporting.
- Develop for approval by the Board and oversee the disclosure of a Code of Ethics and Business Conduct and monitor compliance with the Code of Ethics and Business Conduct.
- Prepare the annual statement of corporate governance practices for inclusion in the Corporation's Annual Report, Annual Information Form or Management Proxy Circular, in accordance with applicable rules and regulations.
- Develop and review procedures for orientation and continuing education of directors.

c) Reporting

- Report, through the Chair, to the Board following each meeting on the significant discussions of and decisions made by the 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 Committee's mandate annually and recommend changes to the Board as appropriate. The Committee shall ensure that processes are in place to evaluate the performance of the Committee.