



## DIRECTOR INDEPENDENCE POLICY & CRITERIA

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### Director Independence Policy & Criteria

This policy defines the criteria used to assess the independence of Directors in accordance with regulations for Canadian public companies.

#### **Independence Policy**

1. The Board of Directors Terms of Reference require that:
  - A majority of the Board are independent;
  - All Committees shall be comprised solely of independent Directors;
  - The Nominating and Governance Committee annually conducts a review of the independence of each Director and Director nominee and conveys its recommendations to the Board for the Board's determination; and
  - In making these determinations, the Board considers all relevant facts and circumstances; especially the Director's independence from management.

#### **Independence Criteria**

1. A Director of Cervus will be considered independent where the Board has affirmatively determined that:
  - The Director has no direct or indirect material relationship with Cervus. A "material relationship" is one which could, in the view of the Board, be reasonably expected to interfere with the exercise of the Director's independent judgment (CSA National Instrument 52-110). Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships.
2. Notwithstanding the foregoing, a Director will NOT be considered independent if:
  - The Director has a Significant Interest in a class of shares of Cervus. For the purposes of this policy, "Significant Interest" means an interest in a class of shares of Cervus or any holding company of Cervus (if any) if the aggregate of:
    - a. any shares of that class beneficially owned by the person or an immediate family member<sup>1</sup>; plus
    - b. any shares of that class beneficially owned by entities controlled by the person or an immediate family member;
    - c. exceeds 10% of all the outstanding shares of that class of shares of Cervus or any holding company of Cervus.

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<sup>1</sup> Unless otherwise noted, "immediate family member" is defined to include a person's spouse, parents, children, siblings, mothers and fathers in law, sons and daughters in law, brothers and sisters in law, and anyone (other than domestic employees) who shares such person's home.



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- The Director is, or has been within the last three years, an employee or executive officer of Cervus, or an immediate family member of the Director is, or has been within the last three years, an executive officer of Cervus;
  - The Director, or an immediate family member of the Director who is employed as an executive officer of Cervus, has received, during any twelve month period within the last three years, more than \$75,000 in direct compensation from Cervus, other than for any Board membership or Board committee compensation and any fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service (provided such compensation is not contingent in any way on continued service);
  - The Director, or a family unit member<sup>2</sup> of the Director, is a current partner<sup>3</sup> of a firm that is Cervus' internal or external auditor; the Director is a current employee of such a firm; a family unit member of the Director is a current employee of such a firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or the Director, or a family unit member of the Director, was within the last three years a partner or employee of such a firm and personally worked on Cervus' audit within that time; and/or
  - The Director, or any immediate family member of the Director, is or has been within the last three years, an executive officer of another company where any of Cervus' current executive officers serve or served at the same time on that other company's compensation committee.
3. For the purposes of being a member of the Audit Committee of the Board, a Director will also be subject to the following additional independence requirement:
- In order to be considered independent, a Director may not, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as part-time Chair or Vice Chair of the Board or any Board committee, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from Cervus, provided that compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with Cervus (provided that such compensation is not contingent in any way on continued service). For the purposes of this point, the indirect acceptance by a Director of any consulting, advisory or other compensatory fee includes acceptance of a fee by a Director's family unit member<sup>2</sup>; or by another company in which such Director is a partner, a member, an officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the company) and which provides accounting, consulting, legal, investment banking or financial advisory services to Cervus.

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<sup>2</sup> For the purposes of this point, "family unit member" means only a spouse, minor child or stepchild, or adult child or stepchild sharing a home with the Director.

<sup>3</sup> For the purposes of this point, a partner does not include a fixed income partner whose interest in such a firm is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior services with that firm (provided such compensation is not contingent in any way on continued service).



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4. A Director of Cervus will not be considered to have a material relationship with Cervus solely because the Director, or his or her immediate family member:

- has previously acted as an interim CEO of Cervus; or
- acts, or has previously acted, as chair or vice chair of the Board or of any Board committees on a part-time basis.

**Document Control Information**

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