

GENDIS INC.

Corporate Governance Disclosures

This Corporate Governance Disclosure has been reviewed and approved by the Board of Directors of Gendis Inc. The following analysis uses definitions contained in the National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices issued by the Canadian Securities Administrators. This Corporate Governance Disclosure numbering follows Form 58-101F1 Corporate Governance Disclosure.

1) Board of Directors

- a) The independent directors are: Jerry L. Gray, Brian Hayward, Karen M. Swystun, and Gordon B. Webster.
- b) James E. Cohen is not an independent director as he is the Chief Executive Officer of Gendis Inc. James E. Cohen owns 3,386,685 Common shares or 26.5% of the issued shares of Gendis Inc. Anthony J. Cohen is not an independent director by virtue of being the brother of James E. Cohen. Anthony J. Cohen, owns 2,856,686 Common shares or 22.4% of the issued shares of Gendis Inc. Anna-Lisa Cohen, the sister of Messrs. Cohen, owns 2,886,686 Common shares or 22.6% of the issued shares of Gendis Inc. The Cohen siblings own 71.5% of Gendis Inc.
- c) A majority of the Board of Directors are independent directors.
- d) The following directors are directors of other issuing companies:
 - i) Anthony J. Cohen: Gulf & Pacific Equities Corp. and Plato Gold Corp.
 - ii) Jerry L. Gray: Pollard Banknote Limited.
- e) The independent directors hold regularly scheduled meetings without the non-independent directors and members of management present, and formal and informal meetings of a majority of the independent directors can and do occur from time to time. Formal meetings are documented and notes are maintained by the Chair and reviewed by the auditors. Four meetings were held in 2016. All independent directors are residents of Winnipeg and frequently discuss corporate issues informally. In addition, the independent directors have quarterly Audit Committee meetings without the non-independent directors present.
- f) The Chair of the Board, Jerry L. Gray is an independent director.
- g) The Chair's primary responsibilities include:
 - i) Serving as Chair of the Board
 - ii) Guiding the process to approve and/or monitor, on an annual basis, the strategic plan
 - iii) Guiding the management succession process
 - iv) Serving as the liaison between the Directors and management.
- h) All directors have attended all board meetings since the beginning of the most recently completed financial year.

2) Board Mandate

The Board of Directors has adopted a written mandate in which it acknowledges responsibility for the stewardship of Gendis Inc., including responsibility for:

- a) satisfying itself as to the integrity of the Chief Executive Officer and other executive officers and that the CEO and other executive officers create a culture of integrity throughout Gendis Inc.;
- b) adopting a strategic planning process and approving and/or monitoring, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- c) identifying the principal risks of the business of Gendis Inc., and ensuring the implementation of appropriate systems to manage these risks;
- d) planning personnel succession;
- e) adopting a communications policy for Gendis Inc.;
- f) the internal control and management information systems of Gendis Inc.; and
- g) developing a set of corporate governance principles and guidelines that are specifically applicable to Gendis Inc.;
- h) overseeing the financial performance of the organization.

In addition, feedback from stakeholders to any director are shared with all directors.

Directors are expected to attend all meetings of directors and all meetings of committees of which a director is a member and all directors are expected to review meeting materials in advance.

3) **Position Descriptions**

- a) With the small size of the Corporation, written positions descriptions for the Chair and the Committee Chairs have been deemed not necessary by the Board. The Board has limited the monetary authority of the Chief Executive Officer to \$2 million per transaction, a practice that has been in effect for several years. With the relatively small size of the Board, and with only three executive officers and one non executive employee, there is ample opportunity to formally and informally discuss items of importance. The responsibilities of the committees have been formally documented and the Board relies on the Chair to ensure that roles and responsibilities are fulfilled.
- b) The role of the CEO has been formalized with a position description.

4) **Orientation and Continuing Education**

- a) Orientation consists primarily of individual meetings with the Chair, the CEO, a majority of the independent directors, and members of management. These discussions focus on the major issues facing the Corporation and the role of the Board and the composition and role of the Board committees. Given the relatively small size of the Board, the independent directors serve on multiple committees, thus familiarizing them with a broad scope of corporate issues. New directors are provided with previous annual reports, financial statements, corporate by-laws, Annual Information Forms, a copy of the current strategic plan, and access to all previously distributed public documents.
- b) No formal continuing education programs are in place. The Corporation's auditors regularly provide updated information on corporate governance issues and audit committee issues to the directors. A majority of independent directors are directors of other issuer or comparable companies and are exposed to additional opportunities to maintain their skill and knowledge. All directors have participated in Institute of Corporate Directors sessions on an ongoing basis..

5) **Ethical Business Conduct**

- a) The Board has adopted a Code of Conduct.
 - i) The Code of Conduct may be obtained by contacting the Secretary of Gendis Inc.
 - ii) The Board monitors compliance to the Code by engaging in its normal Board discussions at Board meetings, with a particular focus on ethical conduct in those situations that have ethical issues. The Code of Conduct is posted in a public place at the corporate head office with instructions on the appropriate method of reporting alleged violations of the Code.
 - iii) There are no material change reports filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.
- b) All issues in which a director or executive officer has a material interest are discussed in committee meetings involving only the independent directors. In instances in which any director would have a material interest in the outcome of a decision, that director would be required to remove himself/herself from the Board discussion. This situation is monitored by the Chair. All Board decisions include, either implicitly or explicitly, a consideration of the reputation of Gendis Inc., the directors, and the Cohen family.

6) **Nomination of Directors**

- a) All board members are encouraged to suggest names of potential directors at any time to the Corporate Governance Committee. Names of potential directors are discussed formally at Board meetings, as well as informally among directors as circumstances develop. Individuals who pass an initial screening process are interviewed by the Chair and CEO (at minimum). Should there be continued interest by the Corporation and the candidate, other directors and executive officers are invited to meet with the candidate. The process culminates with a formal nomination and vote at a Board meeting with ratification by the shareholders at the next Annual Meeting.
- b) The Corporate Governance Committee, which is composed of all independent directors, also serves as the Nominating Committee.

- c) The Corporate Governance Committee has the ultimate responsibility and authority to nominate directors. As a practical matter, as noted previously, the relatively small size of the Board is conducive to the involvement of all directors in proposing new directors and discussing their capability and suitability.

7) **Compensation**

- a) The compensation of directors is not regularly reviewed by the Board. The review of directors' compensation would be conducted at the request of any board member, or group of board members, or the Human Resources and Compensation Committee. The matter would be referred to the Human Resources and Compensation Committee for discussion and recommendation. The compensation of directors was last considered in 2012 following a survey of directors' compensation in comparable companies. The compensation of the Chair, CEO and directors are reviewed and decided annually by the Human Resources and Compensation Committee. The Committee considers the performance of the Corporation and the unique and changing circumstances of the Corporation in deciding the compensation of Executives and whether performance incentives should be included. At the present time, there are no performance incentives (including stock options) in place. In the past, the Human Resources and Compensation Committee has employed the services of a compensation consultant. The remaining Executive Officer salaries are decided by the CEO.
- b) The Human Resources and Compensation Committee is composed entirely of independent directors.
- c) The Human Resources and Compensation Committee meets annually or as required, and has the power to recommend to the Board on the following matters:
 - i) Compensation of the Chair and CEO
 - ii) Compensation of the directors
 - iii) Review of the CEO's expenses by the Chair of the Committee
- d) No external consultants have been retained since the beginning of the issuer's most recently completed financial year.

8) **Other Board Committees**

In addition to the Audit Committee (the charter of which is found in the Annual Information Form); the Human Resources and Compensation Committee and the Investment Committee, there is a Corporate Governance Committee that, in addition to the responsibilities described below, serves as the Nominating Committee and assesses the Corporate Governance Disclosure on an ongoing basis.

9) **Assessments**

The Corporate Governance Committee has been assigned the responsibility of assessing the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of individual directors. The Chair of the Corporate Governance Committee discusses effectiveness issues (as well as the size of the Board) with each director individually and makes recommendations to the Corporate Governance Committee on an "as needed" basis. All matters of effectiveness are monitored on a consistent and on-going basis. Given the relatively small size of the Board, formal review mechanisms have been deemed inappropriate by the Corporate Governance Committee.

10) **Director Term Limits and Other Mechanisms of Board Renewal**

Term limits for directors have not been adopted. The reason is because the Cohen siblings, owning 71.5% of the Common shares, determine the composition of the Board of Directors and whether individuals will be nominated for election or re-election. All directors are elected by the shareholders annually. Board renewal is performed on an annual basis prior to the approval of the Information Circular. Each director self assesses and advises the Chair of the Corporate Governance Committee whether the director will stand for re-election. In addition, see **9) Assessments** above.

11) **Policies Regarding the Representation of Women on the Board**

A written policy relating to the identification and nomination of women directors has not been adopted. The reason is because when considering the identification and nomination of directors, candidates are assessed on factors that include merit, skill sets, personal attributes, overall fit, age, ethnicity and gender.

12) **Consideration of the Representation of Women in the Director Identification and Selection Process**

The Corporate Governance Committee and the Board of Directors considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. This is

done through regular discussions at Board of Directors meetings when considering the appropriate size of the board in relation to the size and complexity of the business. Gender representation of directors has been discussed during each of these meetings.

13) Consideration Given to the Representation of Women in Executive Officer Appointments

No consideration is given to the level of representation of women in executive officer positions when making executive officer appointments. The reason is that there are three executive officer positions. Each is occupied by a male. There has been no turnover in these positions for several years and none is anticipated. Should an executive officer position become vacant, the board has determined in its succession plan that an outside search will be conducted and candidates would be expected to include women.

14) Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

No target has been adopted regarding women on the Board of Directors. The reason is that gender is one of many attributes to be considered in the composition of the Board of Directors. No target has been adopted regarding women in executive officer positions. The reason is that for several years there has been no turnover in the ranks of executive officers.

15) Number of Women on the Board and in Executive Officer Positions

One (1) director is a woman. This is sixteen (16%) percent of the six (6) member Board of Directors. There are zero (0) executive officers who are women. This is zero (0%) percent of the three (3) executive officer positions who are women.