

Corporate Governance Guiding Principles

Six principles guide Forestry Innovation Investment's Corporate Governance Framework, each of which are described below.

1. Stewardship, leadership and effective functioning of the Board

Through ethical leadership and stewardship, FII's Board of Directors will:

- Establish the processes and structures necessary to ensure the effective functioning of the Board;
- Delegate the necessary authorities to management to carry out its responsibilities;
- Establish processes that ensure thorough and timely reporting from management to the Board, and from FII to the Shareholder; and
- Represent FII's interests as expressed by the Shareholder.

2. Clarity of roles and responsibilities

Through a clear definition of roles and responsibilities, key relationships will be understood so that:

- The Shareholder will communicate objectives and enable the Board to effectively oversee FII's business;
- The Board will approve program strategies consistent with the Shareholder's objectives and oversee the management of FII;
- The CEO will lead the development of program strategies and annual operating and capital plans, implement the Board-approved plans and manage the day-to-day business of FII; and
- Functional reporting requirements and decision-making processes will exist between all three levels.

3. Openness, trust and transparency

Participants in FII's corporate governance structure will cultivate an atmosphere that leads to mutual trust and respect that allows FII to meet the Shareholder's expectations for annual performance. This operating culture will be achieved by:

- Periodic confirmation by the Shareholder of the corporate mandate and clear direction with respect to specific Shareholder priorities and objectives for FII;
- Establishment of strong working relationships between the Shareholder and the Board and between FII's Executive and Board; and
- Adoption of a clearly defined process that ensures the timely and accurate flow of information between the Shareholder, the Board, and FII's executive/management.

4. Service and corporate citizenship

A corporate philosophy of being a good corporate citizen through fiscal, social and environmental responsibility, and ethical conduct should underline all corporate activity, including service to customers, the Shareholders and stakeholder groups. FII is committed to improving client service and business processes to provide effective and efficient service delivery in a fair and transparent manner.

5. Accountability and performance

At the high-level:

- The Shareholder's expectations will be communicated to FII through FII's Mandate Letter from the Minister of Forests, FII's funding agreement and approval of Service Plans;
- The Board will approve the following, as developed by FII's Executive:
 - The program strategic direction and vision for FII in a manner consistent with the corporate mandate as expressed by the Shareholder, and
 - Specific performance measures and objectives;
- In addition, the Board will assess the effectiveness of FII's Executive by reviewing their performance against approved measures and targets; and
- FII's CEO, with assistance from FII Executive and senior management, will develop and propose to the Board Service Plans and supporting operating plans that fulfil corporate objectives, and report the results of operations against these plans in FII's Annual Service Plan Report.

6. Value, innovation and continuous improvement

Added value, innovation and continuous corporate improvements will underlie every component of FII's corporate governance relationships and accountabilities to optimize Shareholder value.