

## **BOSTON PIZZA ROYALTIES INCOME FUND**

### **GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE MANDATE**

#### **I. PURPOSES**

The purposes of the Governance, Nominating and Compensation Committee (the “**Committee**”) are as follows:

- A. to monitor the governance of the board of trustees (the “**Board**”) of Boston Pizza Royalties Income Fund (the “**Fund**”) and to develop methods of enhancing corporate performance, to assess and make recommendations regarding Board effectiveness, and to establish a process for identifying, recruiting and recommending candidates for membership on the Board;
- B. to develop and monitor the Fund’s approach to the corporate governance issues of the Fund and the Fund’s approach to compliance with applicable laws, regulations, rules and policies with respect to corporate governance issues and implement and administer the system to ensure good corporate governance practices; and
- C. to review and make recommendations to the Board regarding the compensation of the Trustees of the Fund.

#### **II. COMPOSITION AND TERMS OF OFFICE**

- A. The Committee chair and the Committee members shall be appointed annually at the first meeting of the Board following the annual general meeting of unitholders of the Fund (the “**AGM**”) each year, or at such other time as the Board deems appropriate.
- B. Any member of the Committee may be removed or replaced at any time by the Board. Each member of the Committee shall cease to be a member upon ceasing to be a Trustee of the Fund. Each member of the Committee shall hold office until the member resigns or is replaced, whichever first occurs.

#### **III. MEETINGS**

- A. The Committee shall meet at least four (4) times per year. The Chair of the Committee shall set the agenda, date and time for such meetings. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member of the Committee.
- B. If all members of the Committee consent, and proper notice has been given or waived, a member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- C. A quorum for the transaction of business at all meetings of the Committee shall be a majority of the members of the Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes the chair of the Committee shall not have a second casting vote.

- D. The Committee may invite such persons as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee, but without voting rights.
- E. The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
- F. The Committee shall choose as its secretary such person as it considers appropriate.

#### **IV. DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

##### **Governance of the Fund**

The Committee shall:

- A. develop and monitor the Fund's approach to the corporate governance issues of the Fund and the Fund's approach to compliance with applicable laws, regulations, rules and policies with respect to corporate governance issues and implement and administer the system to ensure good corporate governance practices;
- B. review, on a regular basis, but not less than annually, the role of the Board, the guidelines for each of the committees of the Board, and the role of the Chair of the Board;
- C. review, on a regular basis, the methods and processes by which the Board fulfills its duties and responsibilities, including without limitation:
  - 1. the number and content of Board meetings;
  - 2. the annual schedule of issues to be presented to the Board at its meetings or those of its committees;
  - 3. material which is to be provided to the Trustees generally and with respect to meetings of the Board or its committees;
  - 4. resources available to the Trustees; and
  - 5. the communication process between the Board and management of Boston Pizza International Inc. ("BPI");
- D. be responsible for the management and administration of a system which enables the Board, a committee or an individual Trustee to engage separate independent counsel and/or advisors whenever the Board, committee or individual Trustee determines prudent, advisable or necessary, with the expense of such services being paid by the Fund;
- E. administer the process for assessing the effectiveness of the Board as a whole, each committee of the Board, and each Trustee, with the results of such process to be presented and discussed at a meeting of the Committee and presented to the Board, and periodically review the evaluation process for the Board, each committee of the Board, and each individual Trustee;

- F. review compliance report from management regarding the Whistleblower Policy, Disclosure Policy and Insider Trading Policy and make recommendations on the same to the Board;
- G. review all Fund policies and codes and make any recommendations to the Board, including reviewing the Diversity Policy and monitoring the implementation and effectiveness of such policy and consider whether to set targets for diversity;
- H. recommend to the Board the pre-approval of any related party transactions;
- I. receive and review BPI's compliance certificate showing compliance with the terms of the General Security Agreement;
- J. consider if any conflicts of interest exist between the Fund and BPI and recommend to the Board how such conflict(s) shall be resolved prior to such matter being addressed by the Board;
- K. develop succession plans for the Board and Board committee Chairs, and recommend to the Board the composition and Chairs for its committees for the following year in accordance with the Board Policy on Succession;
- L. review the appropriateness of any Trustee resignations, as applicable;
- M. conduct in-camera meetings with BPI's President to discuss BPI's management team and BPI's management succession plans and any other matters as considered necessary by the Committee;
- N. request and review a certificate from management certifying that BPI is complying with its undertakings to securities commissions;
- O. periodically review the compensation paid to Trustees for their services to the Board and make recommendations to the Board for any change in the fee structure;
- P. review Trustee, director and officer insurance coverage and commence renewal process and recommend approval of the same to the Board;
- Q. review committee and Board work plans;
- R. recommend the time, place and record date for the AGM to the Board and review the related management information circular and related meeting documents and make recommendations to the Board regarding the same;
- S. review the constating documents of the Fund and make recommendations to the Board, as required;
- T. respond to any whistleblower incidents;
- U. prepare any reports required or recommended on corporate governance; and
- V. make recommendations to the Board regarding the nominees of the Fund to be nominated to the Board of Directors of Boston Pizza GP Inc.

## **Nomination of Trustees and Composition of the Board**

The Committee shall:

- A. annually develop and update a long term plan for the composition of the Board that takes into consideration the current strengths, skills and experience on the Board, mix of tenure, retirement dates and the strategic direction of the Fund, all in accordance with the Board Policy on Succession;
- B. in the second quarter of each year, request each current Trustee to advise the Committee whether or not the Trustee is willing to stand for re-election at the next AGM;
- C. in the second quarter of each year, discuss and consider which Trustees, if any, are planning to retire at or prior to the next AGM or special meeting of unitholders;
- D. recommend to the Board the nominees to stand for election as Trustees at the AGM, and in so doing, the Committee shall be mindful of the tenure guidelines;
- E. review, monitor and make recommendations regarding new Trustee orientation and the ongoing development of existing Trustees;
- F. at least annually, review and consider the Board's current and desired composition by considering:
  - 1. the particular competencies and skills ideal for the Board, including requirements for members of the Board committees;
  - 2. the competencies and skills each Trustee possesses;
  - 3. the personality and other qualities of each Trustee, as these qualities may determine and contribute to the boardroom dynamic; and
  - 4. the size of the Board.

When the Board determines that a new Trustee(s) should be recruited, the Committee shall, in accordance with the Board Policy on Succession and Diversity Policy:

- G. identify the competencies and skills that the Committee considers to be necessary for the Board, as a whole to possess;
- H. the competencies and skills that the Committee considers each existing Trustee to possess;
- I. the competencies and skills each candidate will bring to the boardroom;
- J. identify individuals who have the skills and competencies desired by the Committee;
- K. take into consideration such factors as it deems appropriate including judgment, skill, diversity, geography, experience with businesses and other organizations of comparable size, the interplay of a candidate's experience with the experience of other Board members, the extent to which a candidate would be a desirable addition to the Board and whether or not a candidate can devote sufficient time and resources to his or her duties as a Trustee;
- L. recommend to the Board the nominees to stand for election as Trustees at the AGM;

- M. in the case of a vacancy in the office of a Trustee (including a vacancy created by an increase in size of the Board), either (i) recommend to the Board the individual to fill such vacancy through appointment by the Board or (ii) recommend to the Board the individual to fill such vacancy through election by unitholders; and
- N. consider and make recommendations to the Board with respect to the acceptance of any conditional resignation of a Trustee pursuant to the Fund's Majority Voting Policy.

**V. ACCOUNTABILITY**

- A. The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- B. The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external advisors, senior management of BPI, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee, including Trustees, directors, officers and employees of BPI or the Fund.