

# STATEMENT OF CORPORATE GOVERNANCE PRACTICES

## BOARD OF DIRECTORS CHARTER

### 1. STATEMENT OF POLICY

The Board of Directors of Cogeco Communications is elected by the Corporation's shareholders to supervise the Management of the Corporation in the context of its global business and affairs.

The prime responsibility of the Board is to the Corporation and is to oversee its Management and to preserve and enhance the Corporation, with due regard for the interests of its shareholders generally and other stakeholders.

### 2. COMPOSITION, QUALIFICATION AND ORGANIZATION OF THE BOARD

#### 2.1. SELECTION OF MEMBERS

The Corporate Governance Committee of the Board maintains an overview of the desired size and composition of the Board, the need for recruitment and the expected experience of the new candidates. It also advises the Board on the competencies and skills that the Board as a whole, and individual Directors, should possess in the context of the Corporation's global business and affairs and determines the competencies, skills and qualities the Human Resources Committee should seek in candidates as Directors.

Unless determined otherwise by the Board, when a Director is being recruited, an *ad hoc* Committee composed of the Board Chair, the President and Chief Executive Officer of the Corporation and other selected members of the Board, as determined by the Board Chair after consultation with the respective Chairs of the Human Resources and the Corporate Governance Committees, initiates the process. The *ad hoc* Committee does so by seeking input and suggestions, including from Directors and outside consultants and in doing so, takes into account the qualities or experience that a candidate should possess and that may include such considerations as educational background, any special training of relevance, business experience in or outside the cable, telecommunication, enterprise services and media sectors, national or international exposure, directorial experience, diversity and other factors. Against that backdrop, the *ad hoc* Committee brings the proposed candidate forward to the Human Resources Committee and the Corporate Governance Committee for assessment, prior to his or her submission to the Board. The Board approves the final choice of candidates for nomination and proposed election by the shareholders.

All new Directors are briefed on the Corporation by the Board Chair and Management on the Corporation's structure, financial situation, regulatory environment and other aspects of its global business and affairs. They are also provided with the Board Charter, Individual Director Mandate, Cogeco Code of Ethics, Insider Trading Policy, Statement of Corporate Governance Practices and other key mandates and policies.

The Corporation recognizes the importance of, and facilitates, ongoing Director education, while recognizing that a Director should take personal responsibility for this process.

#### 2.2. MEMBERSHIP CRITERIA

Board members must have the requisite qualifications under the law and the by-laws of the Corporation. They must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry segments in which the Corporation operates or commit to acquire such an understanding. Directors selected should be able to devote the requisite time for all the Board's business. The Directors of the Corporation are required to act with prudence and diligence, honesty and loyalty to the Corporation and with due regard to the interest of its shareholders and other stakeholders.

#### 2.3. INDEPENDENT DIRECTORS

Boards function most effectively when their individual Directors are free from conflicts of interest and can exercise independent judgment when discharging their responsibilities. The Corporation complies

with the requirements of any stock exchange on which its securities are listed and the independence requirements of applicable securities laws. A majority of the Board shall be composed of Directors who are independent, in accordance with the foregoing.

Where the Corporation or any of its subsidiaries enters, or proposes to enter, into a business relationship with a corporation or entity with which a Director is affiliated as an officer, partner or significant shareholder, the following guidelines apply:

- (a) The Corporation will consider whether the relationship would cause the Director to lose his or her status as an independent Director, whether the relationship would prevent the Director from serving on any particular Board Committee, whether the relationship was already in existence before the Director joined the Board and who initiated the relationship and whether it is beneficial to the Corporation;
- (b) Any new relationship must be brought to the attention of the Chairman of the Board, in advance where practicable and, where such relationship is not covered by applicable securities laws, be subject to the determination of the Corporate Governance Committee as to its materiality and the consequent effect on the independence of the Director; and
- (c) Any material relationship will be disclosed in the Corporation's public disclosure documents in accordance with applicable securities laws and regulations.

#### **2.4. BOARD CHAIR LEADERSHIP**

The Board shall appoint its Chair and Vice-Chair (if one is to be appointed) from among the Corporation's Directors. The Board Chair will generally be an independent Director. Should the Chair for any reason be a Director who is an executive of the Corporation, the Board shall also appoint a lead Director from among the independent Directors to chair the Board at all meetings where such executive is absent and to assume other appropriate functions. (See "Resources and Authority of the Board".)

#### **2.5. RETIREMENT AGE**

Directors are not required to retire at a mandatory age as this could have the effect of forcing Directors off the Board who have gained a deep knowledge of the Corporation's business and who are making a valuable contribution. At the same time it is recognized that there is value in a measure of turnover of Board membership to provide fresh approaches and new skills and knowledge. The Board, through the Corporate Governance Committee, reviews annually its composition and effectiveness so as to be strongly independent and such as to optimize its mix of skills, background, experience and knowledge and to encourage strong guidance of the Corporation in its ongoing global business operations and long-term strategy.

#### **2.6. TERM OF DIRECTORS**

The Directors are elected by the shareholders at every annual meeting except where the Board appoints a Director to fill a vacancy until the next annual meeting. The term of office of each Director shall expire at the next annual meeting of the Corporation, or upon the election of a successor.

#### **2.7. MEETING RECORDS**

Minutes shall be kept of meetings of the Board and its Committees and shall be available to all Directors.

### **3. MEETINGS OF THE BOARD**

#### **3.1. BOARD AGENDA**

The Board Chair, in consultation with the appropriate members of Management, develops the agenda for Board meetings.

### **3.2. BOARD MATERIAL DISTRIBUTION**

Financial and other information that is important to the understanding of agenda items is distributed to Directors in advance of the Board meeting to facilitate Directors' preparation for meetings.

### **3.3. BOARD MEETING FREQUENCY AND SCHEDULE**

In order to carry out its mandate, the Board holds regular meetings on a quarterly basis and additional meetings to consider particular issues or strategic planning or to conduct specific reviews whenever appropriate.

### **3.4. ATTENDANCE**

Directors are expected, subject to scheduling conflicts, to attend all Board meetings in person, to the extent feasible (other than conference call meetings) and a record of attendance is kept.

### **3.5. RESPONSIBILITIES AND DUTIES**

Directors are expected to carry out their oversight responsibilities and specific duties in accordance with the Individual Director Mandate.

### **3.6. MANAGEMENT AT MEETINGS**

The Board of Directors invites members of Management to attend part of Board meetings to make presentations to allow Directors to gain additional understanding and insight into the Corporation's businesses and to enhance the Directors' familiarity with such members.

### **3.7. IN CAMERA SESSIONS**

Unless waived at a particular meeting by the independent Directors, the Board meets *in camera* at each of its meetings without any member of Management present to ensure free and open discussion among the independent Directors.

## **4. DUTIES AND RESPONSIBILITIES OF THE BOARD**

In addition to its statutory responsibilities, the Board has the following duties and responsibilities:

- (a) ensuring that the Corporation, including its subsidiaries, is operated so as to preserve its financial integrity and in accordance with policies approved by the Board;
- (b) in general, seeking to gain satisfaction as to the integrity of the President and Chief Executive Officer and other senior executive officers, including those of its subsidiaries and that all such officers through their own example, through implementation of the Code of Ethics and otherwise, create a culture of integrity throughout the Corporation;
- (c) reviewing with the Audit Committee the financial performance, financial reporting and disclosure of the Corporation and its subsidiaries as well as obtaining reasonable assurance that their internal controls and management information systems are adequate;
- (d) appointing the President and Chief Executive Officer and senior executive officers of the Corporation, ensuring that they are of the caliber and have the personal and other qualities required for their roles and planning their succession (including how senior executives are to be trained and their performance monitored) taking into account the recommendations of the Human Resources Committee;
- (e) developing, in concert with the President and Chief Executive Officer and the Board Chair, and approving, the position description for the President and Chief Executive Officer, including delineating management responsibilities, and the corporate goals and objectives for which he is responsible;

- (f) reviewing annually and overseeing the implementation of the overall strategic plan and direction of the Corporation which takes into account, among other things, the opportunities and risks of its global business and affairs identified by Management;
- (g) reviewing, through the Audit Committee, the principal business risks facing the Corporation and its subsidiaries (the "Principal Business Risks") and the implementation by Management of appropriate measures to manage these risks;
- (h) approving the Risk Management Policy and any material changes made thereto;
- (i) ensuring that appropriate structures and procedures are in place so that the Board can function independently of Management;
- (j) providing a source of advice and counsel to the President and Chief Executive Officer and senior executives on various issues of importance for the Corporation;
- (k) reviewing and approving key policies developed by Management and continuous disclosure documents;
- (l) working to ensure that its expectations of Management are understood;
- (m) adopting and overseeing the Corporation's disclosure policy and its implementation, including disclosure of material information, investor relations and security holders communications;
- (n) adopting the Corporation's insider trading policy and any material change thereto;
- (o) considering measures for receiving communication feedback from security holders directly and/or through Management;
- (p) adopting a Code of Ethics that is applicable to Directors, officers and employees of the Corporation that is designed to promote and foster integrity and deter inappropriate action or wrongdoing, monitoring compliance with such Code and directly, or through delegation to the Corporate Governance Committee granting waivers of compliance for Directors or executive officers in appropriate circumstances;
- (q) adopting the Corporation's corporate social responsibility policy and any material change made thereto;
- (r) conducting, through the Corporate Governance Committee, an annual review of Board and Committee effectiveness (including Directors' individual contributions);
- (s) establishing a diversity policy for the election or appointment of Directors;
- (t) reviewing, through the Human Resources Committee, the general compensation structures of the Corporation, including its subsidiaries and extending, without limitation, to short and long-term incentive programs, stock option plans and pension plans;
- (u) reviewing with the Human Resources Committee the adequacy and form of the compensation of Directors, the Board Chair and Committee Chairs to ensure their compensation adequately reflects the responsibilities and risks involved in holding such office and approving their compensation after giving consideration to the recommendations of the Human Resources Committee;
- (v) evaluating, through the Human Resources Committee, the compensation of senior executive officers of the Corporation, including those of its subsidiaries, in line with corporate policies in effect and stated budget and other objectives;
- (w) reviewing the performance of and approving the compensation of the senior executive officers of the Corporation and the Presidents or Presidents and Chief Executive Officers, as

applicable, of its subsidiaries, after giving consideration to the recommendations of the Human Resources Committee;

- (x) approving nominees for election as Directors;
- (y) working to ensure that new Directors are provided with adequate education and orientation opportunities, understand the role of the Board and its Committees, the expectations of time and contribution from an individual Director and gain a general understanding of the Corporation's business;
- (z) provide or encourage continuing education opportunities for Directors to ensure their knowledge of the Corporation's business stays current and to maintain or enhance their directorial skills;
- (aa) selecting the Board Chair and developing his or her position description;
- (bb) appointing the officers of the Corporation;
- (cc) overseeing financial reporting and disclosure of the Corporation;
- (dd) obtaining reasonable assurance, through the Audit Committee, that:
  - (i) the Corporation and its subsidiaries comply with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
  - (ii) the accounting policies and practices, significant judgments and disclosures which underlie or are incorporated in the Corporation's financial statements are the most appropriate in the prevailing circumstances;
  - (iii) the Corporation's quarterly and annual financial statements are accurate and present fairly the Corporation's financial position and financial performance in accordance with International Financial Reporting Standards ("IFRS");
  - (iv) there is an effective system of internal controls; and
  - (v) appropriate information including Management's Discussion and Analysis, concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.
- (ee) evaluating the experience of the various Directors with a view to selecting as members of the Audit Committee Directors that are independent and have the qualifications described in the Charter of the Audit Committee;
- (ff) approving the Authorization Policy of the Corporation and any material changes thereto;
- (gg) approving projects requiring a capital investment and other outlays in excess of a certain threshold;
- (hh) developing, through the Corporate Governance Committee, the Corporation's approach to corporate governance issues including principles and guidelines that are relevant to the Corporation;
- (ii) establishing Committees to facilitate the carrying out of the Board's mandate and approving their respective charters and material changes thereto; and
- (jj) appointing the members of the Committees, designating for each Committee one of the members as Chair and developing a position description for each Chair of a standing committee.

## **5. BOARD COMMITTEES**

### **5.1. NUMBER, STRUCTURE AND JURISDICTION OF COMMITTEES**

The Board is responsible for the establishment of all Board Committees, the appointment of members on such Committees, their qualification, compensation and their good standing. The Board has established four standing Committees which are: the Audit, the Corporate Governance, the Human Resources and the Strategic Opportunities Committees, and delegates certain of its duties and responsibilities to them. Other Committees or sub-Committees are and may be established on an *ad hoc* basis from time to time by Board resolution to deal with particular matters.

### **5.2. INDEPENDENT COMMITTEE MEMBERS**

Members of the Audit, the Human Resources and the Corporate Governance Committees must be comprised of members who are independent as defined according to applicable securities laws and regulations.

### **5.3. COMMITTEES REPORT TO BOARD**

Each Committee generally reports to the Board after each Committee meeting.

## **6. ADMINISTRATIVE MATTERS**

### **6.1. COMPENSATION**

The Human Resources Committee of the Board regularly reviews and makes recommendations on senior executive compensation as well as that for the Directors, Board Chair and Committee Chairs and oversees stock option, incentive share unit, performance share unit and deferred share unit and other compensation plans. Any proposed change to such compensation must be approved by the Board.

### **6.2. PART OF DIRECTORS FEES PAID IN DEFERRED SHARE UNITS**

In order to encourage alignment of the interests of Directors with those of the shareholders, Directors have the opportunity to receive all or a portion of their retainer in the form of DSUs.

### **6.3. BOARD CONFIDENTIALITY**

Directors will maintain the absolute confidentiality of the deliberations and decisions of the Board of Directors and information received at meetings, except as may be specified by the Board Chair or if the information is publicly disclosed by the Corporation.

### **6.4. REFERENCE MATERIALS**

Reference materials that include, among other things, the Corporation's articles, by-laws, annual reports, annual information forms and other disclosure documents, principal plans or policies, mandates and Code of Ethics are posted on the electronic portal of the Corporation and updated as necessary.

## **7. RESOURCES AND AUTHORITY OF THE BOARD**

The Board shall have the resources and authority appropriate to discharge its duties and responsibilities, including access to Management and the authority to retain counsel or other experts, as it deems appropriate, without seeking approval of Management.

## **COMPOSITION OF THE BOARD**

The Board of Directors will be composed of nine Directors after the Meeting. Following a detailed review conducted by its Corporate Governance Committee, the Board has determined that eight of the nine nominees as Directors, representing a substantial majority of the Directors, are independent Directors and have no direct or indirect material relationship with the Corporation as described in National Instrument 52-110 – Audit Committees of the CSA. To assist the Corporate Governance Committee and the Board with

their determination, all nominees as Directors complete, on an annual basis, a detailed questionnaire about their business relationships and shareholdings. Mr. McAusland disclosed his partnership in McCarthy Tétrault LLP, which is one of the several legal firms, albeit not the main firm, providing services to the Corporation and Cogeco, although Mr. McAusland is not involved, directly or indirectly, in the provision of the services. The eight independent Directors, upon their re-election, are Mmes. Curadeau-Grou and Ferstman, Messrs. Gadbois and Garcia, Ms. Gibson, Messrs. McAusland and Peeters and Ms. Salomon. Mr. Audet who is the President and Chief Executive Officer of the Corporation and a Director and one of the shareholders of Gestion Audem inc., which is the controlling shareholder of the Corporation, is, accordingly, not considered to be an independent Director.

The Corporation, therefore, complies with the corporate governance guidelines set out in National Policy 58-201

– *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the “Corporate Governance Guidelines”) which stipulate that the Board should have a majority of independent Directors.

The following table sets out the independence status of the nine nominees as Directors:

Nominees as Directors	Independence Status		
	Independent	Not Independent	Reason for non-independence status
Louis Audet		√	President and Chief Executive Officer of the Corporation and a director and shareholder of Gestion Audem inc.
Patricia Curadeau-Grou	√		
Joanne Ferstman	√		
L. G. Serge Gadbois	√		
Claude A. Garcia	√		
Lib Gibson	√		
David McAusland	√		
Jan Peeters	√		
Carole J. Salomon	√		

#### **MAJORITY VOTING FOR DIRECTORS**

The Board has adopted a Majority Voting Policy which requires that any nominee for Director who fails to receive at least a majority of the votes cast for his or her election, treating for such purpose a “withhold” vote as a vote against such election, shall tender his or her resignation to the Board Chair promptly following the meeting at which he or she is elected.

The Corporate Governance Committee will consider the resignation offer and will make a recommendation to the Board within 90 days whether to accept it. The Board of Directors will promptly disclose its decision, via a press release. A Director who tenders a resignation pursuant to this policy will not participate in any meeting of the Corporate Governance Committee or the Board of Directors at which the resignation is considered.

This policy applies only to uncontested elections, meaning elections where the number of nominees for Directors is equal to the number of Directors to be elected upon such election as determined by the Board. A copy of this policy can be found on Cogeco Communications’ web site at <http://corpo.cogeco.com/cca/en/governance/>.

#### **PUBLIC BOARD MEMBERSHIPS**

Nominees as Directors who are directors of another issuer that is a reporting issuer in a Canadian or a foreign jurisdiction are identified above under the heading “Information concerning Nominees as Directors”.

## **INTERLOCKING DIRECTORSHIPS**

No nominee as Director currently serves with any other Director of the Corporation on the board of another company outside the Cogeco group of companies that is a public issuer.

## **BOARD CHAIR**

The Board Chair of the Corporation is a duly elected member of the Board of Directors and is appointed as Chair of the Board by the Board each year for a one-year term, with such appointment being (except when a vacancy is being filled) at the first meeting of the Board following the annual meeting of shareholders. The Board Chair is an independent Director as such term is defined in National Instrument 52-110.

The responsibilities of the Board Chair are set out in the position description below:

### **BOARD CHAIR POSITION DESCRIPTION**

The Board Chair of Cogeco Communications is appointed to office and has the responsibilities and specific duties described below.

### **APPOINTMENT**

The Board Chair will be a duly elected member of the Board of Directors and be appointed as Chair of the Board by the Board each year for a one-year term, with such appointment being (except when a vacancy is being filled) at the first meeting of the Board following the annual meeting of shareholders. The Board Chair will be independent as defined according to applicable securities laws and regulations. He or she will have such competencies and skills as may be determined by the Board.

### **RESPONSIBILITIES**

The Board Chair provides leadership to the Board. The Board Chair sets the “tone” for the Board and the Directors to foster effective, ethical and responsible decision-making, appropriate oversight of Management and strong corporate governance practices. The Board Chair is entitled to attend as an observer and to participate in all standing Board Committees (currently being the Audit, Corporate Governance, Human Resources and Strategic Opportunities Committees).

### **SPECIFIC DUTIES**

In addition to individual Director’s responsibilities, responsibilities set out in the Board Charter and specific duties assigned by the Board from time to time, the Board Chair will:

#### **GOVERNANCE**

1. Generally oversee Board direction and administration, ensuring that the Board works as a cohesive team and building a strong governance culture.

#### **ETHICS**

2. Foster ethical decision-making by the Board in accordance with the Cogeco Code of Ethics.

#### **LEADERSHIP**

3. Provide leadership to enhance the effectiveness of the Board.
4. Provide the Board, the Board Committees and individual Directors with leadership to assist them to effectively carry out their duties and responsibilities.
5. Provide advice and counsel to the President and Chief Executive Officer, Committee Chairs and fellow Directors.
6. Maintain an effective working relationship with the President and Chief Executive Officer.

7. Ensure that the responsibilities of the Board, as set out in the Board Charter, are well understood by Directors.
8. Work with the President and Chief Executive Officer and senior Management to monitor progress on strategic planning and implementation.

#### **BOARD MEETINGS**

9. With the President and Chief Executive Officer, the Corporate Secretary and other members of Management, as appropriate, establish the agenda for, call meetings of the Board and chair each Board meeting.
10. Ensure that the Board meets at least five times annually and as many additional times, including the annual strategic planning session, as may be necessary to carry out its duties effectively.
11. Ensure, in concert with Management and the Corporate Secretary, that Directors receive information that is timely, in a useful format and of high quality.
12. Encourage the Committees and Committee Chairs to bring important issues forward to the Board for consideration and resolution.
13. Ensure there is sufficient time during Board meetings to discuss fully the agenda items and facilitate discussion on all business set out in the agendas of Board meetings, seeking to bring matters to resolution, as required.
14. Encourage individual Directors to ask questions and express viewpoints during meetings.
15. Ensure that the Board meets *in camera* at each of its meetings, unless waived at a particular meeting by independent Directors.

#### **SHAREHOLDER MEETINGS**

16. Ensure that the shareholders meet at least once annually and as many additional times as is required by law.
17. Except as otherwise authorized by the By-Laws, chair all annual meetings and special meetings of shareholders.
18. Ensure that all business set out in the agenda of each shareholder meeting is discussed and brought to resolution, as required.

#### **BOARD/MANAGEMENT RELATIONSHIPS**

19. Ensure that the boundaries between Board and Management responsibilities are clearly understood and respected and that relationships between the Board and Management are conducted in a professional and constructive manner.
20. Facilitate effective communication between Directors and Management, both inside and outside of Board meetings.
21. Work with and assist the President and Chief Executive Officer and Senior Vice President and Chief Financial Officer in representing the Corporation's interests to its external stakeholders such as shareholders and other security holders, the investment community, the media and customers.

#### **DIRECTOR RECRUITMENT AND RETENTION**

22. With input from the ad hoc committee which initiates the Director recruitment process and in tandem with the Human Resources and the Corporate Governance Committees, participate in the recruitment and retention of Directors.

#### **EVALUATION**

23. Conduct an annual evaluation of performance and effectiveness of the Board, Board Committees, all individual Directors and Committee Chairs, other than that of the Board Chair, and review the results with the Corporate Governance Committee.
24. Meet annually with the individual Directors to discuss his or her individual contribution and that of other Directors and other aspects of the functionality of the Board.
25. Ensure that an annual performance evaluation of the Board Chair is conducted, soliciting input from all Directors, and that the results are reviewed with the Chair of the Corporate Governance Committee.

#### **ORIENTATION/EDUCATION**

26. Facilitate the orientation of new Directors.
27. Facilitate the continuing education of all Directors.

#### **OTHER**

28. Assist in the annual review of the Board Charter.
29. Carry out such other duties and responsibilities as may be assigned by the Board.

#### **BOARD OPERATIONS**

The Directors are expected, subject to scheduling conflicts, to attend in person, to the extent feasible, all meetings of the Board and Committees on which they sit (other than conference call meetings). Annual Board and Board Committee meeting schedules are provided to Directors in advance and are updated on an ongoing basis. Directors are asked to notify the Corporation if they are unable to attend, and attendance at meetings is duly recorded. The attendance of Directors at Board and Committee meetings for the last fiscal year is provided below under the heading "Attendance Record".

Financial and other information that is important to the understanding of agenda items is made available to Directors several days before scheduled Board meetings to facilitate Directors' preparation for meetings. Apart from the President and Chief Executive Officer, who is a member of the Board and participates as such, the Board invites members of Management to attend parts of Board meetings for reporting and informational purposes.

As a matter of policy, the Board meets *in camera* at each of its meetings without any member of Management present to ensure free and open discussion among the non-Management Directors, unless waived at a particular meeting by independent Directors.

## ATTENDANCE RECORD

The following table sets forth the attendance of the current Directors at Board and Committee meetings held during the last fiscal year:

Director	Board Meetings Attended #	Committee Meetings Attended				Total Board and Committee Meetings Attended	
		Audit	Human Resources	Corporate Governance	Strategic Opportunities	#	%
Louis Audet	10 of 10				2 of 2	12 of 12	100%
Patricia Curadeau-Grou <sup>(1)</sup>	10 of 10	5 of 5	5 of 5		1 of 1	21 of 21	100%
Joanne Ferstman <sup>(2)</sup>	7 of 7	3 of 3				10 of 10	100%
L. G. Serge Gadbois	10 of 10	5 of 5				15 of 15	100%
Claude A. Garcia	9 of 10		3 of 5		2 of 2	14 of 17	82%
Lib Gibson	10 of 10	5 of 5		2 of 2		17 of 17	100%
David McAusland	9 of 10			2 of 2	2 of 2	13 of 14	93%
Jan Peeters <sup>(3)</sup>	10 of 10	5 of 5	5 of 5	2 of 2	2 of 2	24 of 24	100%
Carole J. Salomon	10 of 10		4 of 5	2 of 2		16 of 17	94%

(1) Ms. Curadeau-Grou was appointed to the Strategic Opportunities Committee on January 13, 2016.

(2) Ms. Ferstman was elected as Director and appointed to the Audit Committee on January 13, 2016.

(3) Mr. Peeters is entitled to attend as an observer and to participate in all standing Board Committees.

As is apparent from the above table, the Directors demonstrated a strong commitment to their roles and responsibilities through a very high attendance rate at Board and Committee meetings.

## INDEPENDENT CHAIRMAN

Mr. Peeters, the Chairman of the Board, is an independent Director. In such capacity, he, among other things, develops the agenda for Board and shareholders meetings in consultation with Management, oversees information being made available to Board members, sets the tone for corporate governance at the Board level with a view to assuring Board effectiveness, facilitates the Board meeting independently of Management representatives, co-leads with the Chair of the Corporate Governance Committee the annual evaluation of the Board and its Committees and enables communications between the independent Directors and Management, as well as assisting the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer in representing the Corporation's interests to its external stakeholders such as shareholders and other security holders, the investment community, the media and customers.

## INDIVIDUAL DIRECTOR MANDATE

All the Directors of the Corporation are required to exercise their duties and responsibilities in the best interests of the Corporation with due regard for the interests of its shareholders generally and other stakeholders. The expectations and responsibilities of Directors are described in an individual Director mandate. In addition to appointment and resignation from office, term, attendance, and minimum share and/or DSU ownership expectations, the mandate sets forth elements of an individual Director's duties relating to fiduciary duties, ethics and integrity, governance, contribution, independence, continuing education, disclosure and other matters.

Consistent with best corporate governance practices, a Director is expected to accumulate subordinate voting shares of the Corporation and/or DSUs with a total value equivalent to at least three times the basic annual retainer payable to Directors. See the heading "Director Share and Deferred Share Unit Ownership". The Human Resources Committee monitors compliance with this policy.

## DECISIONS REQUIRING BOARD APPROVAL

All major decisions concerning, among other things, the Corporation's corporate status, debt financing, securities, distributions, investments, acquisitions, divestitures and strategic alliances, are subject to approval by the Board. Capital and other expenditures of a monetary amount of \$5,000,000 or more are subject to the prior approval of the Board.

## COMMITTEES

The Board is responsible for the establishment and operation of all Board Committees, the appointment of members to serve on such Committees, their compensation and their good standing.

The Board has established four standing Committees to facilitate the carrying out of its duties and responsibilities and meet applicable statutory and policy requirements. The Committees are currently comprised of the following Directors:

Director	Audit Committee	Human Resources Committee	Corporate Governance Committee	Strategic Opportunities Committee
Louis Audet				√
Patricia Curadeau-Grou	√	Chair		√
Joanne Ferstman	√			
L. G. Serge Gadbois	Chair			
Claude A. Garcia		√		√
Lib Gibson	√		√	
David McAusland			√	Chair
Jan Peeters	Entitled to attend as an observer and to participate in any of these standing Committees			
Carole J. Salomon		√	Chair	

The Board usually appoints the members of the Committees at the first meeting of the Board following the annual meeting of shareholders. To see the composition of the Committees after the Meeting, you can visit the Corporation's web site at <http://corpo.cogeco.com/cca/en/governance/>.

The Board has also developed detailed position descriptions for the Chair of each Committee. Each position description outlines the appointment and qualification requirements, as well as the broad responsibilities of the Chair and identifies specific duties in areas such as leadership, integrity, governance, Committee management and organizational effectiveness. The position descriptions are reviewed from time to time by the Corporate Governance Committee.

For the background and experience of the Committees members, see the heading "Information Concerning Nominees as Directors".

### AUDIT COMMITTEE

All the members of the Committee are "financially literate" and have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity that can reasonably be expected to be raised by the Corporation's financial statements.

The Audit Committee is currently composed of four Directors: Mr. Gadbois, the Committee Chair and Mmes. Curadeau-Grou, Ferstman and Gibson who satisfy the independence requirements as set out in NI 52-110 of the CSA.

The Audit Committee meets on a quarterly basis and holds special meetings as circumstances require. The Audit Committee meets *in camera* at each regular meeting, without any member of Management present.

The Audit Committee has a formal charter setting out its mandate and responsibilities. The text of the charter and other information relating to the Audit Committee required by Form 52-110F1 on audit committees can be found in Section 15 of the Corporation's Annual Information Form for 2016.

The Audit Committee is established by the Board for the purpose of overseeing the accounting and financial reporting processes and internal controls and reviewing the consolidated financial statements of the Corporation and other financial information as well as overseeing the selection of the external auditors and the audit process.

The Audit Committee fulfills its responsibilities within the context of the following major principles and guidelines:

- the Committee Chair and the other Audit Committee members have direct, open and frank communications throughout the year with senior Management, other Committee chairs and Board members, the external auditors, the Vice President, Internal Audit and Risk Management and other key Committee advisors as applicable;
- the Committee, in consultation with senior Management and the external auditors, develops annually an Audit Committee Work Plan responsive to the Audit Committee's responsibilities as set out in its charter;
- the Committee, in consultation with senior Management and the external auditors, participates in a process for review of important financial topics and emerging standards that have the potential to impact the Corporation's consolidated financial presentation and disclosure;
- the Committee seeks reasonable assurance that the accounting policies and practices, significant judgments and disclosures which underlie or are incorporated in the Corporation's consolidated financial statements are the most appropriate in the prevailing circumstances;
- the Committee seeks reasonable assurance that the Corporation's quarterly and annual consolidated financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with IFRS;
- the Committee's oversight extends to obtaining reasonable assurance that there is an effective system of internal controls;
- the Committee reviews the Corporation's principal business risks and oversees the implementation by Management of appropriate measures to manage these risks;
- the Committee communicates its expectations to senior Management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from senior Management, the Vice President, Internal Audit and Risk Management and the external auditors and posted on the electronic portal of the Corporation one week in advance of meeting dates for all the topics on the agenda;
- the external auditor's ultimate responsibility is to the Board of Directors and the Audit Committee, as representatives of the shareholders. The external auditors must report directly to the Audit Committee;
- the Committee may, in addition to the external auditors, at the expense of the Corporation and after consultation with senior Management, engage independent counsel or other advisors, which the Committee determines are necessary to carry out its duties.

Responsibilities and duties of the Audit Committee are set out in its charter in relation to financial reporting, changes in accounting policies, financial controls and deviations, compliance with tax and financial reporting laws, relationships with the external auditors and the internal audit group and other matters. These duties and responsibilities of the Audit Committee are consistent with National Instrument 52-110 and, in many aspects, with the best practices of the industry. The Audit Committee also reviews quarterly the list of related party transactions between Cogeco Communications and Cogeco, as per International Accounting Standard ("IAS") 24 and reviews annually the estimated fees to be paid by Cogeco Communications to Cogeco under the Amended and Restated Management Services Agreement.

The Senior Vice President and Chief Financial Officer, the Vice President, Internal Audit and Risk Management and representatives of the external auditors usually attend all Audit Committee meetings.

Based on the recommendations of the Chartered Professional Accountants of Canada and the Canadian Public Accountability Board, the Audit Committee undertook in 2014 to perform a comprehensive review of the External Auditors not less often than every five years.

As required in National Instrument 52-110, the Audit Committee has established whistle-blowing procedures, which are embodied in the Cogeco Code of Ethics, for complaints regarding accounting or auditing matters. Under these procedures, any complaint submitted raising suspicions or concerns regarding accounting or auditing matters and the identity of the reporter will be kept confidential, to the fullest extent possible, within the limits imposed by law and consistent with the need to conduct a thorough investigation. Reporters will be protected from dismissal or retaliation of any kind for reporting in good faith suspicions or concerns regarding accounting or auditing matters.

Significant reports relating to accounting or auditing matters are raised promptly with the Chair of the Audit Committee by the Vice President, Internal Audit and Risk Management. Internal Audit otherwise informs the Audit Committee on a quarterly basis on the number and scope of any reports that may be received relating to these matters. The Chair of the Audit Committee then informs the Board of any significant report received.

#### **HUMAN RESOURCES COMMITTEE**

The Human Resources Committee serves in the roles of compensation and human resources committee and of participant in the nomination process for Directors. It is currently comprised of three Directors who are independent, as such term is defined in National Instrument 52-110. The Human Resources Committee meets at least three times yearly. The members of the Committee meet *in camera* at each meeting without any member of Management present, unless waived at a particular meeting by its members.

The Human Resources Committee has a formal charter setting out its duties and responsibilities. They include, among other things, the following responsibilities:

- to review and make recommendations to the Board on the Corporation's approach to executive compensation as proposed by Management, in consultation with external independent consultants;
- to review and make recommendations to the Board on the general compensation structures of the Corporation and its subsidiaries;
- to review the compensation of senior executive officers of the Corporation and its subsidiaries, such compensation consisting of base salary, short-term incentive plan (annual bonus) and the long-term incentive program (stock option, incentive share unit and performance share unit plans) in line with corporate policies in effect and stated budget and other objectives;
- to review the performance and make recommendations to the Board on the suggested level of and/or changes in the overall compensation of other senior executive officers of the Corporation and of the Presidents or Presidents and Chief Executive Officers, as applicable, of its subsidiaries, taking into consideration individual performance and competitive compensation practices;
- to make recommendations to the Board on any new incentive plan or on any material change to the Corporation's short-term and long-term incentive plans and to discharge any responsibilities imposed on the Committee by these plans;
- to review and make recommendations to the Board on special conditions applying to senior executive officers of the Corporation and its subsidiaries such as the Senior Management Special Remuneration Plan, in the event of a change in control of the Corporation;
- to review annually the extent to which designated senior executives and Directors are meeting the minimum shareholdings expectations through shares or incentive, performance or deferred share units;
- to review periodically trends and developments related to pensions in North America and other jurisdictions where the Corporation has operations and make recommendations to the Board on all pension retirement plans of the Corporation and its subsidiaries, and on any material amendments to these plans;
- to review and approve the Pension Plan Governance Policy, including the design of the pension plans and the roles and responsibilities of stakeholders, and any material changes thereto;

- to receive reports from the Pension Administration Committee;
- to monitor and review, as appropriate, the administration, funding and investment of the retirement plans of the Corporation and its subsidiaries, as well as to oversee the selection of fund managers;
- to receive annual financial statements of the defined benefit plans and, where required, actuarial valuations of such plans and to oversee their investment criteria and performance as well as the participants' communications and education processes;
- to review annually the status of labour relations;
- to review annually Human Resources key performance indicators;
- to review annually health and safety indicators;
- to review the results of employee surveys;
- to review the processes that the Corporation has in place to deal with the succession of senior executive officers and Directors;
- to make recommendations to the Board on appointments of senior executive officers of the Corporation;
- to administer, when authority is delegated to it by the Board, stock options, incentive share units, performance share units, deferred share units and other compensation plans;
- to review and assess proposals for new Board candidates submitted to the Committee and the Governance Committee so that the Committee can assess the proposal for each new nominee prior to the submission of the proposed candidates as Directors to the Board;
- to make recommendations to the Board on the compensation of the Directors, the Board Chair and Committee Chairs;
- in the event of an impending vacancy in the office of the Board Chair, to review and to bring the proposed candidate forward to the Board;
- in the event of an impending vacancy in the office of the President and Chief Executive Officer, to review and to bring the proposed candidate forward to the Board;
- to review, when authority is delegated to it by the Board, any specific risk facing the Corporation and its subsidiaries, in the compensation and human resources sector and oversee the implementation by Management of appropriate systems to manage these risks;
- to review and approve the compensation discussion and analysis included in the Corporation's Information Circular;
- to review other information on executives and Directors' compensation included in the Corporation's Information Circular;
- in consultation with senior Management, to retain, if required, the services of an outside compensation consultant to advise on the compensation of senior executive officers of the Corporation and its subsidiaries, and to fix such consultant's fees and terms of retention;
- to pre-approve annually the budget for the non-executive compensation services to be provided by a consulting firm if the same firm provides executive compensation consulting services; and
- to review and reassess annually the adequacy of its charter and to recommend any changes to the Board.

## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is comprised of three Directors who are independent, as such term is defined in National Instrument 52-110. The members of the Committee meet *in camera* at each meeting without any member of Management present, unless waived at a particular meeting by its members. The Committee has a formal charter. The responsibilities and duties of the Corporate Governance Committee include, among other things:

- to review the corporate governance practices of the Corporation in the context of its global business and affairs;
- to examine the adequacy and effectiveness of the Board's corporate governance practices in light of changing regulatory requirements and make suggestions for their improvement;
- to oversee the size and composition of the Board and its Committees and provide advice to the Board in this regard;
- to advise the Board on the competencies and skills the Board, as a whole, and individual Directors should possess in the context of the Corporation's global business and affairs and determine what competencies, skills and personal qualities should be sought in candidates as Directors;
- to review and assess proposals for new Board candidates submitted to the Committee and the Human Resources Committee so that the Committee can assess the proposal for each new Board nominee, prior to submission of the proposed candidates to the Board;
- to advise on the appropriateness of any resignation that may be offered by a Director under the Majority Voting Policy;
- to assess the quality and effectiveness of the Board's relationship with Management;
- to recommend topics of interest or importance for discussion and/or action by the Board and address information requirements of the Directors;
- to review annually the Board and Committee effectiveness including contribution by individual Board or Committee members, continuing qualification and any potential conflict of interest;
- to review annually the estimated fees to be paid by Cogeco Communications to Cogeco under the Amended and Restated Management Services Agreement;
- to review the policy regarding diversity on the Board and any material change to it, recommend its adoption by the Board and monitor its application;
- to monitor compliance with the Code of Ethics and authorize, where appropriate, waivers of compliance for the benefit of any Director or executive officer of the Corporation;
- to review the Privacy Policy and any material change to it and recommend its adoption by the Board;
- to review the Insider Trading Policy and any material change to it and recommend its adoption by the Board;
- to review the Corporate Social Responsibility ("CSR") Policy and any material change to it and recommend its adoption by the Board;
- to receive reports, on a bi-annual basis, on CSR and related initiatives;
- to approve the engagement by a Director of an outside legal or other advisor at the expense of the Corporation;

- to review and reassess annually the adequacy of its charter and to recommend any changes to the Board of Directors; and
- to review annually the other charters, position descriptions and policies relating to corporate governance matters.

#### **STRATEGIC OPPORTUNITIES COMMITTEE**

The Strategic Opportunities Committee is currently comprised of four Directors, three of whom are independent as such term is defined in National Instrument 52-110. The Committee meets at the call of the Chair. The members of the Committee meet *in camera* at each of its meetings without any member of Management present, unless waived at a particular meeting by its members. The Committee is not charged with oversight of strategic planning and direction, which remain the purview of the Board. However, the Committee facilitates earlier discussion with Management in relation to strategic opportunities or acquisitions being considered. It enables the Committee to add its views and provide guidance on the type of analysis and information that the Board will require in order to consider approval of a strategic opportunity or acquisition.

The responsibilities and duties of the Strategic Opportunities Committee include, among other things:

- to provide a forum in which the President and Chief Executive Officer, alone or with other members of senior Management, can present preliminary thinking or planning on strategic opportunities or proposed material acquisitions and receive advice and counsel from the Committee in the formative stages of developing recommendations for consideration by the Board;
- on request by Management, to establish tentative parameters and guidelines for pursuing any such strategic opportunities or proposed material acquisitions;
- to consider and assess on its own initiative, strategic opportunities and provide suggestions and inputs to Management; and
- to review and reassess when needed the adequacy of its charter and to recommend any changes to the Board.

The charters of the Board, Audit Committee, Human Resources Committee, Corporate Governance Committee and Strategic Opportunities Committee as well as the individual Director Mandate are available on the Corporation's web site at <http://corpo.cogeco.com/cca/en/governance/>.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Cogeco has designed a corporate social responsibility ("CSR") program aimed at operating responsibly and sustainably and being a good corporate citizen (the "CSR Program") which is described in the "Corporate Social Responsibility Program" section of the Corporation's Annual Report for the year ended August 31, 2016. To learn more about Cogeco's initiatives and performance, please refer to our latest CSR Report, published in January 2016, which is available at [corpo.cogeco.com](http://corpo.cogeco.com).

#### **STRATEGIC PLANNING**

The Board provides oversight and direction in the strategic planning process for the Corporation with a view to ensuring that Management develops and implements appropriate corporate strategies. Management has the primary responsibility of bringing forward and recommending a strategic plan. Management is expected to explain the strategic options available to the Corporation, along with the key thrusts of the plan.

The Board generally holds a two day session each year specifically focused on strategic planning, together with input from senior Management of the business units as well as external experts on relevant subjects. This focused session allows for in depth discussion and consideration of risks and opportunities and specific strategic imperatives.

The Board monitors Management's progress in following the strategic plan during the year and discusses matters relating to the Corporation's business interests and strategy. Management also reports at each regular Board meeting on matters of operational and financial performance, financing and investor relations.

#### **DIRECTOR RECRUITMENT AND SKILLS**

As indicated in the charter of the Board above, the Corporate Governance Committee advises the Board on the appropriate size and composition of the Board as well as the competencies, skills and qualities that the Board, as a whole, and individual Directors, should possess in the context of the Corporation's global business and affairs and determines the competencies, skills and qualities that should be sought in candidates as Directors. The objective of the Corporate Governance Committee is to maintain the composition of the Board so as to be strongly independent and such as to optimize its mix of skills, experience and other factors and to encourage strong guidance of the Corporation in its ongoing business operations and longer term strategy. This process is assisted by a peer to peer assessment of Directors that the Board undertakes every year, under the leadership of the Board Chair and the Chair of the Corporate Governance Committee that may identify any potential gap in skills or experience.

Unless otherwise determined by the Board, when a Director is being recruited, an *ad hoc* committee composed of the Board Chair, the President and Chief Executive Officer of the Corporation and other selected members of the Board, as determined by the Board Chair after consultation with the Chairs of the Human Resources and the Corporate Governance Committees, initiates the process by seeking input and suggestions, including from Directors and outside consultants.

The *ad hoc* Committee takes into account the range of considerations described under "Board Diversity Policy" below and brings each proposed candidate forward to the Human Resources and Corporate Governance Committees for assessment prior to his or her submission to the Board. The Board approves the final choice of candidates for nomination and proposed election by shareholders.

#### **BOARD DIVERSITY POLICY**

The Board has established a Policy regarding diversity on the Board of Directors, the purpose of which is to achieve and maintain diversity on the Board. Diversity includes a wide range of criteria such as industry experience, management experience, education, functional area of expertise, geography, mix of age, gender or ethnicity. All these criteria are considered when selecting qualified candidates to serve as Directors of the Corporation in order to ensure that the Board, as a whole, can look at business issues from a number of different and relevant perspectives and carry out its responsibilities effectively.

Consistent with its view that all appointments should be made based on merit, the Board has refrained from setting specific diversity targets, including targets regarding the representation of women on the board. The Corporation acknowledges however the important role women with appropriate and relevant skills and experience can play in contributing to different viewpoints and perspectives on the Board. Women currently hold four of nine or 44.4% of the positions on our Board. As a reference, this percentage is significantly higher than is characteristic on the boards of most Canadian public issuers. The Canadian Board Diversity Council in its 2016 Annual Report Card stated that women now hold 21.6% of FP 500 board seats which, while an increase over each of the prior three years, is significantly lower than our Board's representation.

#### **RETIREMENT AGE POLICY FOR DIRECTORS AND TENURE OF OFFICE**

As stated in its charter, the Board's policy is not to require Directors to retire at a mandatory age. Neither does the Corporation have a fixed limit in years for Board tenure. In the view of the Board, obliging Directors to leave at a fixed age or after an arbitrary number of years could have the unfortunate impact of forcing the retirement of a Director who has gained great knowledge of the Corporation's business and affairs and who is still making a valuable contribution to the Board and relevant Committees that he or she serves on.

At the same time, the Board acknowledges that there is value to be had in refreshing Board membership from time to time and making available to it new and innovative thinking and approaches, and enhanced experience and skills. Thus, the Board, through the Corporate Governance Committee, annually reviews its composition and effectiveness as is described under "Director Recruitment and Skills".

When a Director approaches retirement, the recruitment process for a replacement commences. In order to facilitate a smooth transition, a retiring Director is often encouraged to stay on the Board for an additional year or so, while the new Director is integrated into his or her role.

## **EXECUTIVE OFFICER RECRUITMENT**

The Corporation is committed to ensuring that its workforce reflects the diversity of the communities in which it lives and does business. As such, the Corporation has an Employment Equity Policy which supports and encourages the hiring and advancement of women, visible minorities, aboriginal people and persons with disabilities.

There is no specific diversity target in executive officer positions within the Corporation for similar reasons as are set forth above under “Board Diversity Policy”, however, the Corporation is committed to fostering a diverse, equitable and inclusive workplace, including advancing women to senior executive positions. Currently, 8 of the 24 (33%) corporate officers of the Corporation and its major subsidiary, Cogeco Connexion, are women.

## **ORIENTATION AND CONTINUING EDUCATION**

All new Directors receive a comprehensive orientation. Before agreeing to be nominated for the Board, they are advised as to the anticipated workload and time commitment required. They meet with the Chairman of the Board and with the President and Chief Executive Officer, the Corporate Secretary and senior Management and are briefed on the role and responsibilities of the Board, its Committees and Directors and on the Corporation’s range of business activities, structure, financial position, regulatory environment and other aspects of its business. New Directors have access to the reference documents made available on the electronic portal of the Corporation which contain among other things the charters of the Board and Committees, position descriptions, corporate policies, by-laws, the Cogeco Code of Ethics (which also applies to the Directors), the Corporate Social Responsibility Policy, the Enterprise Risk Management Policy, the Corporation’s insider trading policy, the individual Director mandate setting out the expectations and responsibilities of Directors and the Corporation’s most recent disclosure documents. New Directors also have access to the strategic plan of the Corporation. This is consistent with the Corporate Governance Guidelines and enables a new Director to better understand the Corporation and his or her role and responsibilities.

As part of its commitment to continuing education, Management periodically gives all Directors up-to-date analyst studies, industry studies and benchmarking information. At each regular Board meeting, the Directors are provided with an update on each of the business segments in which the Corporation operates, on investor relations, on treasury and on strategic planning. They are also provided with regulatory updates and short summaries of relevant orders, decisions and policies of regulatory bodies.

Site visits to the Corporation’s facilities are arranged from time to time. This year, site visits of the Corporation’s business units’ facilities were arranged for Board members, which included visits of a Cogeco Peer 1 data center in Kirkland, Montréal and of Cogeco Connexion operational offices in Trois-Rivières, Québec and Burlington, Ontario.

All Directors attend a two-day strategic planning retreat at which both senior Management and external advisors make presentations. Directors are provided an opportunity to enhance their knowledge and understanding of the Corporation’s business and forward planning, through presentations on subjects such as human resources, financial planning, communications, industry competition, regulatory developments and benchmarking. Time is also spent on risk appetite and risk management. The majority of the retreat is focussed on the strategic plan, including consideration of elements of the plan and business opportunities in the context of each of the business segments and territorial activities.

In addition, Directors of the Corporation are informed of relevant courses or educational events and are given the opportunity to attend programs on corporate governance and Directors’ responsibilities, in some instances at the cost of the Corporation to the extent reasonable. In the past year, individual Directors have attended several courses or events offered by major accounting firms and other organizations, with an emphasis on accounting, internal audit and corporate governance developments. Governance matters tend to focus on topical issues such as corporate risks, cybersecurity and board diversity. Board members are free to participate in the activities of their choice.

## **ASSESSMENTS**

The Board Chair and Corporate Governance Committee Chair conduct an annual formal review of Board and Committee effectiveness (including Directors' individual contributions). They develop annually with the Corporate Secretary a questionnaire which facilitates a written evaluation of the performance and effectiveness of the Board and each of the Board Committees as well as peer to peer assessments based on broad areas of business knowledge and work habits and self-assessments on the part of each individual Board member of his or her own skills and qualifications. The questionnaire covers such matters as the operation of the Board and of its Committees, the adequacy and timeliness of the information provided to Directors, the effectiveness of meetings and performance of Board and Committee members. The resulting information is analyzed by the Board Chair and Corporate Governance Committee Chair who then report to the Corporate Governance Committee, which in turn reports to the Board and identifies improvement opportunities. The Board Chair meets every year with each Director individually which facilitates a discussion of the evaluation of his or her contribution and that of other Directors and other aspects of the functioning of the Board.

Members of the Board are also asked in the questionnaire to assess and comment on the performance of the Board Chair. Individual responses on this are received by the Chair of the Corporate Governance Committee who reviews the results with the other members of the Corporate Governance Committee with the Board Chair, if present, withdrawing from the meeting, and then provides a summary to the Board Chair and the Board.

The results of the formal review conducted in 2016 showed that the Board and Committees are fulfilling their mandates properly and that Directors are satisfied with the operations of the Board.

## **DISCLOSURE POLICY**

The fundamental objective of the Corporation's disclosure policy is to ensure timely and factual dissemination of information to security holders generally and the investment community respecting the business, affairs and performance of the Corporation, subject to and in accordance with the requirements of securities legislation in effect and other statutory and contractual obligations limiting the disclosure of such information. At the same time, the policy sets the rules for protection of confidential information of all types and its appropriate disclosure. It extends to Directors, officers and employees of the Corporation. The policy identifies material information relating to the business and affairs of the Corporation disclosure of which would result in or would reasonably be expected to result in a significant change in the market price or value of any of the listed securities of the Corporation.

Disclosure is approved by the Disclosure Committee which is comprised of the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the Senior Vice President, Corporate Affairs, Chief Legal Officer and Secretary. The Disclosure Committee's reports are received by the Audit Committee. The disclosure policy of the Corporation is consistent with National Policy 51-201 - *Disclosure Standards*, and other applicable requirements.

In order to facilitate the effective and timely dissemination of information to all security holders and the investment community, the Corporation releases its disclosed information through newswire services, the general media, the Internet, telephone conferences with investment analysts and mailings to shareholders. Disclosed information is available in both official languages.

## **BOARD'S EXPECTATIONS OF PRESIDENT AND CHIEF EXECUTIVE OFFICER AND MANAGEMENT**

Generally, the Board expects, among other things, Management of the Corporation to meet the following basic objectives:

- report in a comprehensive, accurate and timely fashion on the global business and affairs of the Corporation and on any specific matters that it considers of material consequence for the Corporation and its security holders;
- take timely action and make appropriate decisions required by the Corporation's activities in accordance with applicable requirements or obligations and within the framework of the corporate policies in effect, with a view to enhancing shareholder value;

- conduct a comprehensive annual budgeting process and monitor closely the Corporation's financial performance in conjunction with the annual budget presented to the Board;
- identify, in conjunction with the Board, the principal risks facing the Corporation and implement appropriate systems to manage these risks; and
- review on an ongoing basis the Corporation's strategies and their implementation in all key areas of the Corporation's activities in light of evolving technology, government regulation and market conditions.

The Board developed, in concert with the President and Chief Executive Officer and the Board Chair, and approved a detailed position description for the President and Chief Executive Officer and the corporate goals and objectives for which the President and Chief Executive Officer is responsible. The position description of the President and Chief Executive Officer is set out below.

#### **PRESIDENT & CHIEF EXECUTIVE OFFICER POSITION DESCRIPTION**

The President & Chief Executive Officer (the "CEO") of Cogeco Communications has the responsibilities and specific duties described below.

#### **APPOINTMENT AND QUALIFICATION**

The CEO will be appointed by the Board as CEO of the Corporation for a one-year term, with such appointment being (except when a vacancy is being filled) at the first meeting of the Board following the annual meeting of shareholders. The CEO will have such competencies and skills as may be determined by the Board.

#### **RESPONSIBILITIES**

The CEO provides effective leadership and vision for the Corporation, including its operating subsidiaries; establishes current and longer term strategy, objectives and plans and monitors performance under the guidance and supervision of the Board; manages all business acquisitions and divestitures; and oversees the global business activities and affairs of the Corporation with the objective of growing shareholder value and return on capital in a sustainable manner. The CEO provides the leadership and sets the "tone" for Management to foster effective, ethical and responsible decision-making as well as strong corporate governance practices.

#### **SPECIFIC DUTIES**

In addition to individual Director's responsibilities, the CEO has specific duties in the following functional areas:

#### **LEADERSHIP**

1. Provide leadership and vision to senior executive officers of the Corporation and the Presidents or Presidents and Chief Executive Officers, as applicable, of its operating subsidiaries, all in the best interests of the Corporation with due regard to its shareholders generally and other stakeholders.
2. With the advice of the members of senior Management, develop the basic objectives and plans of the business of the Corporation in the context of its global business affairs and submit these, as appropriate, to the Board for its approval.
3. Plan, direct and lead or oversee all investigations and negotiations pertaining to mergers, joint ventures, the acquisition of businesses or the sale of major assets, subject to necessary Board approval and appropriate prior consultations.
4. Represent the Corporation as appropriate as the lead in its relationships with its external stakeholders such as shareholders and other security holders, the investment community, the media, government agencies, including the CRTC, major customers, suppliers and competitors.

**ETHICS**

5. Foster ethical decision-making by Management in accordance with the Cogeco Code of Ethics.
6. Set the ethical tone for the Corporation and its Management, including: (i) satisfying the Board as to the integrity of the Corporation's senior executive officers and of the Presidents or Presidents and Chief Executive Officers, as applicable, of its subsidiaries; (ii) demonstrating to the Board that the CEO and other senior officers of the Corporation and the Presidents or Presidents and Chief Executive Officers of its subsidiaries, as applicable, create a culture of integrity throughout the organization; and (iii) overseeing compliance with the Corporation's charters, mandates and policies.

**GOVERNANCE**

7. Communicate in a timely fashion with the Board Chair and the Board on material matters affecting the Corporation.
8. Provide input in developing the Board, Board Committee and individual Director Charters and Mandates.
9. Provide input in developing the agendas for the Board and Committee meetings.
10. Assist the Board Chair in developing an orientation program for new Directors and a continuing education program for Directors.

**DISCLOSURE**

11. With the Disclosure Committee and other members of Management, as needed, ensure appropriate and timely disclosure of material information.

**STRATEGIC PLANNING**

12. Develop, with input from the Board, a Strategic Plan for the Corporation to maximize shareholder value, recommend it to the Board for review and, in the Board's discretion, approval.
13. Ensure the implementation of the Strategic Plan and report to the Board in a timely manner on significant deviations from the Strategic Plan or within any parameters established by the Board.

**BUSINESS MANAGEMENT**

14. Provide general supervision of the operating subsidiaries of the Corporation within the supervision and guidelines of the Board and consistent with decisions requiring prior approval of the Board.
15. Analyze operating results of the Corporation and its operating subsidiaries relative to established objectives and ensure that appropriate steps are taken to correct unsatisfactory conditions.
16. Ensure, in concert with the Senior Vice President and Chief Financial Officer, the adequacy and soundness of the Corporation's overall financial structure, review projections of working capital requirements and supervise the obtaining of any outside financing that may be indicated.
17. Oversee the preparation of annual operating budget, including capital requirements of each subsidiary, for review and approval by the Board.
18. Approve capital expenditures and other commitments within the limits of delegated approval authorities.
19. Participate directly as a member of the Strategic Opportunities Committee.
20. Take necessary actions to protect and enhance the Corporation's investments in its operating subsidiaries.

**RISK MANAGEMENT**

21. Ensure, in concert with the Senior Vice President and Chief Financial Officer, that the Corporation has complied with all regulatory requirements regarding financial reporting and internal controls over financial reporting.
22. Provide, in concert with the Senior Vice President and Chief Financial Officer, required regulatory certifications of financial statements regarding the Corporation and its activities.
23. Oversee effective control and management of risks encountered by the Corporation.

**ORGANIZATIONAL EFFECTIVENESS/SUCCESSION**

24. Develop a strong organization with the right people in the right positions.
25. With the Human Resources Committee and the Board, ensure that the Corporation has an effective senior Management team, that the Board has regular exposure to senior Management team members and that, as and when appropriate, there exists an effective plan of succession and development for the CEO and members of senior Management.
26. Review and approve the appointment, employment, transfer or termination of all key senior executive officers of the Corporation and of the Presidents or Presidents and Chief Executive Officers, as applicable, of its operating subsidiaries.
27. Monitor performance of senior executive officers of the Corporation and of the Presidents or Presidents and Chief Executive Officers, as applicable, of the operating subsidiaries, and provide feedback and facilitate training and development as appropriate.
28. Cause to be established and maintained an effective system of communications throughout the Corporation and with the operating subsidiaries.
29. Resolve any conflicts arising between the Corporation's headquarters and operating subsidiaries.

**CEO PERFORMANCE**

30. With the Human Resources Committees, Board Chair and the Board, participate in developing CEO's annual goals and objectives for which the CEO is responsible.

**OTHER**

31. Carry out any other appropriate duties and responsibilities assigned by the Board.

**SUCCESSION PLANNING**

In accordance with its Charter, the Human Resources Committee has responsibility for the process of succession planning for the President and Chief Executive Officer and the other executive officers. The Board, through its Human Resources Committee, reviews and approves the succession plan for the President and Chief Executive Officer and the succession plans for other senior executive officers. It assesses, with input from the Human Resources Committee, the need to fill potential vacancies whether arising through retirement or otherwise and whether qualified internal candidates are identified to fill such vacancies in these offices on an immediate and longer term basis. The Board meets periodically with members of the executive Management team through their participation in meetings and presentations to the Board, at the annual strategic planning session and through informal meetings throughout the year. Such meetings provide the opportunity for Board members to get to know the senior Management team of the Corporation and its subsidiaries and assess their executive leadership potential. Executive assessments are also performed and form part of the talent management process at the executive level.

The Corporation recognizes the importance of leadership roles in the achievement of its strategic goals. Global talent management sessions and succession planning exercises are conducted for all senior management positions on a regular basis. Leadership development opportunities are discussed at a company-wide level and leadership development plans for emerging leaders are reviewed and updated.

To ensure a pipeline of emerging talent from within the Corporation, personal and professional development is reviewed during the performance management cycle and integrated in individual development plans.

Employee career interests are discussed. The identification of emergent leaders and experts in specific areas of the business is also integrated with talent discussions.

## **RISK MANAGEMENT**

Cogeco implemented a formal enterprise-wide risk management program (“ERM Program”) in fiscal year 2015 which incorporates all business units of the Cogeco group of companies. This program is supported by a defined governance structure under the purview of a Corporate Risk Committee composed of the President and Chief Executive Officer and his direct reports. The ERM Program is managed by the Vice President Internal Audit and Risk Management and is governed by an ERM Policy which reflects the widely adopted COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. The program entails a systematic bi-annual identification and evaluation of risks as well as the identification and monitoring of related risk mitigation strategies for risks classified as principal business risks for the organization. Risks are classified under four categories i.e. strategic, operational, financial and compliance. The organization endeavours to identify and focus on the principal business risks which have the potential to have a major impact on the organization’s financial situation, revenues or activities, and to manage such risks as may be reasonable and appropriate under the circumstances. Management’s current views on the uncertainties and main risk factors that could significantly affect the Corporation’s financial condition, operational results or business are included in the Management’s Discussion and Analysis section of the 2016 Annual Report.

The principal business risks are monitored on a regular basis by the Audit Committee, which oversees the implementation by Management of appropriate measures to manage these risks and reports to the Board accordingly. The Board takes into account, among other things, when it reviews annually and oversees the implementation of the overall strategic plan and direction of the Corporation, the opportunities and risks of its global business and affairs identified by Management. Other actions of the Audit Committee include, for example, reviewing quarterly updates of the Corporation’s outstanding contingencies including legal claims, tax assessments and other contingencies. The Audit Committee also reviews, at least once a year, the appropriateness of insurance coverage maintained by the Corporation and its subsidiaries.

## **CODE OF ETHICS**

Cogeco adopted in 2003 a Code of Ethics (the “Code”) which sets out the principles which should guide the behaviour of all persons who are part of the Cogeco group of companies or who contribute to its operations, image and reputation. It is intended as a reference guide in terms of how such individuals should conduct themselves and is intended to foster an ethical approach in the workplace and in business dealings. The Code deals with such matters as respect for individuals, customers, society, the environment, business standards, corporate policies and the law. It addresses issues prescribed by the Corporate Governance Guidelines such as conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and regulations, reporting of illegal or unethical behaviour and fair dealing with the Corporation’s security holders, customers, suppliers and employees. The Code applies to all companies comprising the Cogeco group and all directors, officers, employees, representatives and agents of any such companies. It also applies to all consultants and subcontractors that maintain a relationship with the Cogeco group of companies.

As the global footprint of the Corporation is expanding, its business is now conducted in several countries and it is subject to the laws of different jurisdictions. The Code is refined and updated from time to time by the Board, upon the recommendation of the Corporate Governance Committee. In 2016, it was updated to enhance the statement of principles, render it more user-friendly for those subject to the Code and to provide illustrations of its application.

The employees, consultants, sub-contractors and other representatives of the Cogeco group of companies have access to a confidential and anonymous Ethics Line under which individuals can access toll-free telephone lines (specific to location involved) or a web site to report any potential violation of the Code or concerns about accounting or auditing matters. The Ethics Line is operated by an independent external specialty provider. Sections in the Code and in the Ethics Line User’s Guide explain how to report a violation of the Code and how it will be investigated.

The roles and responsibilities of the various stakeholders in the application of the Code and the internal reporting procedures are further detailed. Significant reports relating to accounting or auditing matters are raised promptly with the Chair of the Audit Committee by the Vice President, Internal Audit and Risk

Management. The Vice President, Internal Audit and Risk Management otherwise informs the Audit Committee on a quarterly basis on the number and scope of any reports that may be received relating to these matters. The Chair of the Audit Committee then informs the Board of any significant report received.

Significant reports on matters other than accounting or auditing matters are raised promptly with the Chair of the Corporate Governance Committee by the Vice President, Internal Audit and Risk Management. The Vice President, Internal Audit and Risk Management otherwise provides an annual summary of reported violations or concerns and their resolution to the Corporate Governance Committee, which then reports annually to the Board on the application of the Code.

All employees of the Cogeco group of companies are required every two years to attend a mandatory on-line training session to review the terms set out by the Code and the steps for reporting Code violations. The next one is planned by the end of calendar year 2016. Every new employee is systematically required to perform this on-line training session upon hiring.

The Board directly, or by delegation to the Corporate Governance Committee, can grant waivers of compliance for the benefit of Directors or executive officers in appropriate circumstances. No such waiver has been granted since the adoption of the Code and, consequently, the Corporation filed no material change report during the last fiscal year pertaining to any conduct of a Director or executive officer that constituted a departure from the Code.

A Director or officer of the Corporation must disclose to the Board or relevant Committee, as appropriate, in writing, or by requesting to have it entered in the minutes of the meeting at which disclosure is made, the nature and extent of any interest he or she has in an actual or proposed material contract or material transaction. The obligation applies whether or not the contract or transaction would ordinarily require the approval of the Board or shareholders of the Corporation and disclosure must be made, in effect, under the provisions of the *Canada Business Corporations Act* as soon as he or she becomes aware of the contract or transaction.

The Code is available on the Corporation's web site at <http://corpo.cogeco.com/cca/en/governance/>. It may also be obtained upon request to the Secretary of the Corporation at its head office: 5 Place Ville Marie, Suite 1700, Montréal, Québec, H3B 0B3, telephone 514-764-4700. The Corporation may require the payment of a reasonable charge if the request is made by a person or a corporation who is not a shareholder of the Corporation.

The foregoing descriptions of the Board, Committees, Directors, disclosure policy and other matters reflect the Corporation's compliance with the Corporate Governance Guidelines in these areas.

[CCA 2016 Information Circular Extract]