

| Location | Date & Time |
|---------------------------|--|
| Winnipeg Airport Sheraton | Tuesday, April 15, 2014 Time: 3:00 PM |

| Committee Members in attendance | Non-Committee Members in attendance |
|---|--|
| <input checked="" type="checkbox"/> Robert Marshall - Chairman <input checked="" type="checkbox"/> Ian Macdonald <input checked="" type="checkbox"/> Bruce Jackson <input checked="" type="checkbox"/> Terry Quinn | <input type="checkbox"/> Guy Nelson – Chief Executive Officer <input checked="" type="checkbox"/> Allan Francis – VP of Corporate Affairs and Admin. <input type="checkbox"/> Michael Martin – Chief Financial Officer |

1. Meeting called to order

- Formal requirements of notice of meeting, etc. waived. Robert Marshall appointed recording secretary.

2. Agenda

- Agenda was lighter for this meeting than usual, arising from the delay of the AGM to September. This means that Info Circ issues, etc. will be delayed to a later meeting.

3. Majority Voting Policy

- Allan Francis presented the majority voting policy, which was first presented to the committee in February, 2013. He reviewed the corporate law provisions that give rise to the anomaly that a director can be elected even if a majority of shares withhold their votes from that director. Governance watchdog organizations are advocating that corporations adopt these majority voting policies, and the TSX has indicated that it intends to require such policies for companies that are listed on the big board.
- ***Moved, seconded, carried, that the committee recommend that the board adopt the majority voting policy as presented.***

4. CEO Performance Evaluation

- The committee began work on this item, based on the form of performance evaluation provided by the CEO.
- The committee intends to add a “New Business Development” section to the review.
- There is still work for the committee to complete the review, but there was consensus that the overall review is positive.
- The committee continues to see value in instituting an anonymous feedback system for the CEO’s direct reports to assist in the performance evaluation.
- An area for improvement that was highlighted by the committee was the need for the CEO to increase the oversight of the EIW business unit.

5. Kraftwerk Trip, Code of Conduct Review

- The committee reviewed the circumstances surrounding the CEO’s trip to Austria, some elements of which were paid for by Kraftwerk, a supplier to Empire.
- The committee concluded that the trip and the expenses were entirely appropriate, and commended the CEO for bringing the issue to the committee’s attention for examination.
- In light of the Kraftwerk trip, the committee reviewed the “gifts” section of the Code of Conduct. The committee determined that the \$250 level for gifts received from suppliers remains

appropriate. The committee prefers to have the issues brought to their attention frequently, rather than losing visibility by increasing the level.

There being no further items of business raised, the meeting was then terminated by unanimous agreement.

A handwritten signature in blue ink, appearing to read "Allan Francis", written over a horizontal line.

Allan Francis
Corporate Secretary

Memorandum

To: Corporate Governance Committee

From: Allan Francis

Date: February 14, 2013

Re: **Implications of Individual Ballots for Directors**

As I advised the Board earlier, the TSXV has reminded us of the requirement to allow shareholder to vote for directors individually, rather than as a slate.

Voting for directors of a public corporation is based on a plurality system under which a shareholder can either vote "for" a director nominee or "withhold" his or her vote. "Withhold" votes do not count and a director needs only one "for" vote to be elected to the board, even if all other votes are "withheld".

The plurality system does not permit shareholders to vote against a director, so unless additional nominations are made by shareholders, the Info Circ slate will always be re-elected, even if they are opposed by a majority of the shareholders. The only option for shareholders is to attempt to nominate additional board candidates, usually as part of a proxy fight.

To deal with this, many publicly traded companies are adopting "majority voting policies". Essentially, this would require a director who had fewer "for" votes than "withheld" votes to tender his resignation as a director, notwithstanding the fact that he had been duly elected by law.

TSX and TSXV companies are not required to have a majority voting policy. However, effective in 2013, TSX companies are now required to disclose whether they have such a policy. TSXV companies do not have to make such disclosure, at least not yet.

The Corporate Governance Committee may wish to consider whether Empire should adopt such a policy. A sample policy, based on a template from the Canadian Coalition for Good Governance is attached.

Allan Francis
Vice President - Corporate Affairs and Administration



717 Jarvis Avenue, Winnipeg, MB R2W 3B4
Direct Line: (204) 589-9301
Mobile: (204) 981-5080
Fax: (204) 582-8057
E-mail: afrancis@empind.com

Sample Majority Voting Policy

The board believes that each director should have the confidence and support of the shareholders of the corporation. To this end, the board has unanimously adopted this policy and future nominees for election to the board will be required to confirm that they will abide by this policy.

Forms of proxy for the election of directors will permit a shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded at the meeting.

If a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered by the board not to have received the support of the shareholders, even though duly elected as a matter of corporate law. Such a nominee will be expected to forthwith submit his or her resignation to the board of directors, effective on acceptance by the board. The board will refer the resignation to the corporate governance committee for consideration.

The board will promptly accept the resignation unless the committee determines that there are extraordinary circumstances relating to the composition of the board or the voting results that should delay the acceptance of the resignation or justify rejecting it. In any event, it is expected that the resignation will be accepted (or in rare cases rejected) within 90 days of the meeting.

Subject to any corporate law restrictions, the board of directors may

- (1) leave a vacancy in the board unfilled until the next annual general meeting,
- (2) fill the vacancy by appointing a new director whom the board considers to merit the confidence of the shareholders, or
- (3) call a special meeting of shareholders to consider new board nominee(s) to fill the vacant position(s).

This policy does not apply where an election involves a contested election i.e., where the election includes one or more nominees who are not part of the director nominees supported by the board of directors.