



BOARD OF DIRECTORS CHARTER

I. Role of the Board

The Board of Directors of Héroux-Devtek Inc. (the “**Corporation**”) is elected by the Corporation’s shareholders to supervise, directly and through its committees, the management of the business and affairs of the Corporation, which are conducted by its officers and employees under the direction of the President and Chief Executive Officer (“**CEO**”).

The primary stewardship responsibility of the Board of Directors (the “**Board**”) is to ensure that management conducts the business and affairs of the Corporation with the main objectives to enhance shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation, including its employees, suppliers, customers and the communities in which it operates, to continuously improve the Corporation’s performance and quality of its products and services, and to ensure its continuous growth and development. In doing so, the members of the Board must act honestly and in good faith with a view to the best interests of the Corporation.

II. Mandate and Objectives

The mandate of the Board includes setting long-term goals and objectives for the Corporation, formulating the plans and strategies necessary to achieve those objectives, and supervising senior management who is responsible for the implementation of the Board's objectives and day-to-day management of the Corporation. The Board retains a supervisory role and ultimate responsibility for all matters relating to the Corporation and its business.

The Board discharges its responsibility both directly and through its committees, including the Audit Committee and the Human Resources and Corporate Governance Committee. The Board may also appoint ad hoc committees periodically to address issues on a more short-term tenure.

III. Composition

1. Size of Board and candidate selection process

- a) Subject to the minimum number of directors set out at two in the articles of the Corporation, the Board takes into account recommendations of the Human Resources and Corporate Governance Committee with respect to the desired size and profile of the Board, the need for recruitment and the expected experience of new candidates.
- b) The size of the Board must be sufficient in number to ensure a diversity of skills and perspectives and to provide useful experience to the Board supervising the

management of the Corporation as well as members on the various Board committees, while allowing the Board to function efficiently and effectively.

- c) The Human Resources and Corporate Governance Committee reviews and recommends to the Board the candidates for nomination and election as directors. The Board approves the final choice of candidates for nomination and election by the shareholders. Between annual meetings, the Board may appoint directors to serve until the next annual meeting in compliance with the provisions of the Corporation By-laws.

2. **Election**

- a) Board members will be elected at the annual meeting of shareholders and will serve until their resignation or until their successors are duly appointed or elected.

3. **Qualifications**

- a) Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation's activities, solid business experience, good judgment, integrity, financial literacy and the ability to allocate the necessary time and effort to perform Board and committees duties.
- b) A majority of the Board shall be composed of independent directors within the meaning of section 1.4 of Regulation 52-110 *respecting Audit Committees*.
- c) The Board, upon the recommendation of the Human Resources and Corporate Governance Committee, shall appoint a Chairman of the Board who should be an independent director. At all times the same person may not occupy the position of Chairman of the Board and of CEO.
- d) The retirement age for members of the Board is normally fixed at 75 years.

4. **Director orientation**

- a) The Chairman of the Board, the CEO and the Chief Financial Officer are responsible for providing an orientation and education program for new directors with a view to ascertaining that all new directors fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the Corporation expects from its directors), and the nature and operation of the Corporation's business.

- b) The Board shall encourage and provide opportunities for all directors to continually update their skills as well as their knowledge of the Corporation, its business and its senior management, through the orientation and education program.

5. **Committees**

- a) The Board has established two standing committees to assist the Board in discharging its responsibilities: the Audit Committee and the Human Resources and Corporate Governance Committee.
- b) Special committees may be established from time to time to assist the Board in connection with specific matters on a more short-term tenure.
- c) Each committee operates according to a Board approved written mandate outlining its duties and responsibilities.
- d) The chair of each committee reports to the Board following meetings of the committee.

6. **Evaluation**

- a) The Human Resources and Corporate Governance Committee bears the responsibility to assess the Board's performance as a whole as well as that of individual directors and performs an annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors. The Human Resources and Corporate Governance Committee reports to the Board on such evaluation.

IV. Meetings and procedures

- 1. The Board meets at least quarterly and as many additional times as necessary to carry out its duties effectively.
- 2. The Board is responsible for its agenda. Prior to each Board meeting, the CEO discusses agenda items for the meeting with the Chairman of the Board.
- 3. Materials for each meeting will be distributed to the directors in advance of the meetings.
- 4. The independent directors meet, without the presence of members of management, at the end of each regular meeting (unless they waive such requirement) and they have at least two meetings a year without the presence of members of management.
- 5. Quorum for meetings of the Board shall be a majority of its members; quorum shall be maintained throughout the meeting. The powers of the Board may be exercised at a meeting at which a quorum of the Board is present in person or by telephone or other

electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Board.

6. Each member (including the Chairman of the Board) is entitled to one vote in Board proceedings.
7. At all meetings of the Board, every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chairman of the Board shall not be entitled to a second vote.
8. The Board receives a report from the CEO at each regularly scheduled meeting on the current matters relevant to the Corporation.

V. DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Board:

1. Board organisation

- a) The Board takes into account recommendations of the Human Resources and Corporate Governance Committee, but retains responsibility for managing its own affairs by giving its approval of its composition and size, the selection of the Chairman of the Board, candidates nominated for election to the Board, committees and committees' chairmen appointments, committees' charters and directors compensation.
- b) The Board shall ensure that the compensation adequately reflects the risks and responsibilities, and time commitment involved in being an effective director.
- c) The Board may delegate to committees matters that the Board is responsible for, including the approval of compensation of the Board and senior management, the conduct of performance evaluations and oversight of internal control systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.
- d) The Board is responsible for ensuring that measures are taken to orient new directors regarding the role of the Board, its committees and its directors and the nature and operation of the Corporation's business. The Board is also responsible for ensuring that measures are taken to provide continuing education for its directors to ensure that they maintain the skill and knowledge necessary to meet their obligations as directors.
- e) The Board is responsible for ensuring that appropriate structures and procedures are in place so that the Board and its committees can function independently of management.

2. **Strategic planning**

- a) The Board holds a meeting with senior management to review the Corporation's strategic plan and annual plan and approve such plans. The Board shall take into account, among other things, the opportunities and risks of the business, market and product global trends, and growth potential.
- b) The Board is responsible for providing input to senior management on emerging trends and issues and on strategic and annual plans, objectives and goals that management develops.

3. **Risk assessment**

- a) The Board shall ensure that the principal risks of the Corporation are identified and that the measures to mitigate and manage such risks are implemented.
- b) The Board monitors the conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements.

4. **Integrity**

- a) The Board shall, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers and satisfy itself that the CEO and other executive officers create a culture of integrity throughout the organization.
- b) The Board is responsible for taking steps to ensure that directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.
- c) The Board is responsible for reviewing and monitoring the controls and procedures within the Corporation to maintain the integrity and accuracy of its financial reporting, internal controls and disclosure controls, and management information systems, and compliance with its Code of Conduct.

5. **Management**

- a) The Board is responsible for reviewing and approving, upon the recommendation of the Human Resources and Corporate Governance Committee, the appointment, compensation, and performance of the CEO and senior management.
- b) The Board is responsible for developing written position descriptions for both the Chairman of the Board and the CEO.
- c) The Board ensures that adequate plans are in place for senior management development, training and succession.

6. Governance, Policies and Procedures

- a) The Board, with the assistance of the Human Resources and Corporate Governance Committee, is responsible for implementing and maintaining sound corporate governance practices in adopting principles, policies and procedures applicable to the Corporation.
- b) The Board is responsible for reviewing and approving key policy statements developed by management on issues such as ethics, compliance, communications, environment, health and safety, and public disclosures.
- c) The Board is responsible for approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated and approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations.
- d) At least annually, the Board, with the assistance of the Human Resources and Corporate Governance Committee, review, amend, if appropriate, and approve the Corporation's policies and procedures.

7. Monitoring of Financial Performance and Other Financial Matters

- a) The Board is responsible for ensuring congruence between shareholders' expectations, Corporation's plans and management performance.
- b) The Board is responsible for adopting processes for monitoring the Corporation's progress toward its strategic and operational goals and revising its direction to management in light of changing circumstances affecting the Corporation.
- c) Directly and through the Audit Committee, the Board assesses the integrity of internal control over financial reporting and management information systems.
- d) The Board reviews and approves capital, operating and development expenditures, including any budgets associated with such expenditures.
- e) The Board is responsible for approving the annual audited financial statements and the unaudited interim financial statements, and the notes and management's discussion and analysis accompanying such financial statements.
- f) The Board is responsible for reviewing and approving material transactions outside the ordinary course of business, including material investments, acquisitions and dispositions of material capital assets, material capital expenditures, material joint ventures, significant reorganizations, restructuring, acquisitions, and divestitures, and any other major initiatives.

- g) The Board ensures that the Corporation adopts prudent financial standards with respect to the business of the Corporation and prudent levels of debt in relation to the Corporation's consolidated capitalization.
- h) The Board, on the recommendation of the Audit Committee, recommends to the shareholders the appointment of the independent auditors and approves their remuneration.
- i) The Board approves those matters that are required under the Corporation's governing statute to be approved by the directors of the Corporation, including the issuance, purchase and redemption of securities and the declaration and payment of any dividend.

8. Communications and reporting

- a) The Board has responsibility for ensuring that the performance of the Corporation is adequately reported to its shareholders, its other security holders, the investment community, the relevant regulators and the public on a timely and regular basis.
- b) The Board is responsible for reviewing and approving, upon the recommendation of the Audit Committee, the contents of major disclosure documents, including the annual information form, press releases in connection with quarterly and annual financial results and is responsible for reviewing and approving the management proxy circular and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities.
- c) The Board is responsible for ensuring appropriate processes are in place to ensure the timely disclosure of relevant corporate information and regulatory reporting.

VI. External Consultants

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Except for the Audit Committee, the retention and the terms and conditions of the retention of external advisors shall receive prior approval by the Human Resources and Corporate Governance Committee. The Corporation provides the funds reasonably necessary to pay for the services of these external consultants.

VII. Miscellaneous

The Board shall carry out any other appropriate duties and responsibilities assigned by the Board.

At least once every year, or as the Human Resources and Corporate Governance Committee decides, the Board of Directors Charter will be evaluated and updates will be recommended to the Board for consideration.

