

**DIAGNOCURE INC.**  
**(‘The Company’)**

**MANDATE OF THE BOARD OF DIRECTORS**  
**(‘the Board’)**

The role of the Board is to oversee the management of the business and commercial operations of the Company to ensure steady growth of the Company and maximize shareholder value.

The Board shall exercise its role in accordance with the present mandate, the *Québec Companies Act* and other applicable laws, and the by-laws of the Company (the “Regulations”). To the extent permitted by applicable laws, the Board may delegate the preliminary study of the issues under its responsibilities to board committees.

The Board provides the general decision-making framework for the business and operations of the Company and delegates the operational decision-making to the management team as defined hereunder.

**Directors**

Directors act in the best interest of the Company and do not represent the interests of any specific group of shareholders. They are selected for their skills and experience and are expected to contribute to the Board according to these.

Directors are expected to ensure they understand the Company’s activities and appreciate its issues, to review the material submitted to them before the meetings and to attend all the regular meetings. They are also expected to take an active part in the Board’s discussions and decisions.

**Board committees**

- o The Board has set up one Corporate Governance, Human Resources and Nominating Committee and one Audit and Risk Management Committee. The Committees are comprised entirely of independent directors.
- o According to the Company’s by-laws, the Board may set up an Executive Committee composed of at least three (3) directors: the Chairperson of the Board, the CEO and another director. The Executive Committee acts on behalf of the Board for all the Company’s current affairs, with the exception of decisions for which the Regulations require a Board’s approval, and subject to constraints that the Board may adopt from time to time.
- o The Board can set up other committees from time to time to focus on specific issues under the responsibilities of the Board;
- o Except for the Executive Committee as noted above, and unless specified otherwise in their specific mandates, the Board committees have no approval authorities and most of their decisions are subject to Board’s approval.

## **RESPONSIBILITIES**

### **Corporate mission**

The Board adopts and monitors the corporate mission to ensure the Company undertakes commercial activities in line with shareholders' interests;

### **Strategic planning**

The Board:

- 1) adopts a strategic planning process resulting in a strategic business plan to be reviewed every three to five years, or more often if necessary due to material changes in the underlying assumptions. Such plan takes into account, among other things, the opportunities and risks of the business. Annually, the Board also approves an operating plan, which details the tactical actions in line with the strategic plan, as well as the human and financial resources necessary to meet the strategic objectives.
- 2) reviews and makes all decisions with regard to merger & acquisitions opportunities in line with shareholders' objectives and interests.

### **Human resources and performance management**

*On recommendation from the Corporate Governance, Human Resources and Nominating Committee, the Board,*

- 1) approves an organisational structure consistent to ensure the effective management of the Company;
- 2) selects the CEO and approves the nomination of the other executives of the Company;
- 3) approves a detailed description of duties and responsibilities for the CEO as well as the corporate goals and objectives that the CEO is responsible of meeting annually and in the long term; receive the Corporate Governance, Human Resources and Nominating Committee report on the annual assessment of the CEO's performance;
- 4) approves the hiring and nomination of other senior managers reporting to the CEO, including their job descriptions;
- 5) adopts a succession planning process for the management of the Company; such process should include appropriate training and monitoring of successors' development;

- 6) each year, approves the compensation of the CEO and other officers, adopts the compensation policy for the other employees of the Company, as well as the overall cash compensation budget;
- 7) approves from time to time significant employee and management benefits, such as the pension plan and stock option plan.

### **Financial issues and internal controls**

The Board,

- 1) reviews certain documents of the Company before their public release or their filing with the regulatory authorities, as specified under the Disclosure Policy of the Company;
- 2) receives regular reports from the Audit and Risk Management Committee on the following issues and takes action if necessary:
  - a. reliability of the financial statements and related information;
  - b. identification of the principal risks of the Company's business, and the implementation and monitoring of appropriate systems to manage these risks;
  - c. the Company's internal control and management information systems.

*On recommendation from the Audit and Risk Management Committee, the Board,*

- 3) annually adopts the operational budget of the Company, including the research and development expenses;
- 4) approves the main investments of the Company;
- 5) adopts the capital structure of the Company;
- 6) approves activities with regard to shares, options and other share capital issues of the Company, including changes to the policies, number, categories, etc. of such issues;
- 7) adopts the dividend policy of the Company;

### **Corporate governance**

*On recommendation from the Corporate Governance, Human Resources and Nominating Committee, the Board approves the following governance documents and activities:*

- 1) a set of corporate governance principles and guidelines;
- 2) a written code of business conduct and ethics for the directors, management and employees of the Company;

- 3) descriptions of duties and responsibilities for the chairpersons of the Board and its committees;
- 4) guidelines for appropriate orientation of the new directors and continuing education opportunities of all directors;
- 5) nomination process of new directors, including the list of candidates recommended by the Corporate Governance, Human Resources and Nominating Committee for election by the shareholders;
- 6) compensation of Board directors;
- 7) adoption of a process whereby all the directors participate in an annual assessment of the Board's effectiveness and performance;
- 8) adoption of a process to review periodically the competencies required to be a director of the Company, and assess annually each director's effectiveness and contribution in regard of Board's expectations.

*In addition, the Board,*

- 9) to the extent feasible, ensures that the CEO and other senior managers act with integrity and maintain a culture of integrity throughout the Company;
- 10) receives reports from the Corporate Governance, Human Resources and Nominating Committee on the following issues and takes action as necessary:
  - a. reliability of the report on compensation of officers included in the management proxy circular;
  - b. communication of the corporate governance principles in the official documents as required by the applicable legislation and regulation;
  - c. conduct of the annual meeting and extraordinary meetings of the shareholders;
  - d. hiring of external consultants;
  - e. appropriateness of the liability insurance coverage for the Company for directors and officers.

### **Communications**

- The Board adopts and monitors a Disclosure Policy for the Company in compliance with the regulation applicable to reporting issuers, as developed and recommended by the Corporate Governance, Human Resources and Nominating Committee;
- Stakeholders may provide feedback to the Board by contacting any director, who in turn must ensure that the designated spokespersons of the Company answer such feedback as necessary;

- o The Board adopts, and reviews as needed, a Whistle Blowing Policy, which allows any stakeholder, including employees, to report serious concerns about the Company's activities to the Chairman of the Audit and Risk Management Committee.

### **Board composition**

- o According to the by-laws of the Company, the Board is composed of at least three (3) directors and a maximum of ten (10). The Board adopts the size and composition of the Board and its committees taking into account the directors' competencies and personal qualifications, as recommended by the Corporate Governance, Human Resources and Nominating Committee.
- o A majority of the Board's directors are independent.
- o The Chairperson of the Board is an independent director; or, if the Chairperson is not independent, an independent Lead Director is also appointed
- o Each director is nominated by the shareholders for a period of one year following the Annual General Meeting, or if earlier, until the director resigns, dies, no longer possesses the required qualifications, is relieved, or the Company ceases to exist.

### **Meetings and quorum**

- o The Board meets at least once every quarter and otherwise as needed. The Chairperson of the Board chairs those meetings. In the absence of the Chairperson, the Lead Director or, if no lead director was appointed, another independent member named by the Chairperson chairs the meeting. In the event that the Lead Director is not present at the meeting and that it was not possible for the Chairperson to appoint an independent director to chair the meeting, the members present decide who will chair the meeting; this person should be an independent member.
- o Once every quarter, the independent directors hold meetings without the attendance of the non-independent directors and members of management. The Chairperson of the Board if independent, or the Lead Director, chairs those meetings. In the absence of the Chairperson or of the Lead Director, the Chairperson or the Lead Director, as the case may be, appoints another independent director to chair the meeting. In the event that it is not possible for the Chairperson or the Lead Director to make such appointment, the members present decide who will chair the meeting; this person must be an independent member.
- o A Board meeting is called to order when a majority of Board members are in attendance.

### **Votes**

When an issue is subject to a vote by the Board members, decisions are based on a majority of votes of the members in attendance. The vote of the chairperson of the meeting is not preponderant.

## **Review of mandate**

Once a year, the Board reviews the present mandate to ensure it continues to comply with all regulations and supports the Board in fulfilling its role.

*Adopted by the Board of Directors, March 16, 2006*

*Reviewed, updated and adopted by the Board of Directors, March 5, 2008*

*Reviewed, updated and adopted by the Board of Directors, March 17, 2009*

*Reviewed, updated and adopted by the Board of Director, March 17, 2010*