

## **BOARD OF DIRECTORS' MANDATE**

### **1. MANDATE**

1.1 In adopting this mandate,

- (a) the board (the "Board") of Points International Ltd. (referred to herein as "Points International" or the "Corporation") acknowledges that the mandate prescribed for it by the *Canada Business Corporations Act* ("CBCA") is to manage or supervise the management of Points International's business and affairs and that this mandate includes responsibility for stewardship of Points International; and
- (b) the Board explicitly acknowledges responsibility for the stewardship of Points International, as contemplated by the National Policy 58-201 (the "CSA Governance Policy").

### **2. BOARD MEMBERSHIP**

2.1 Number of Members

The Board shall consist of such number of directors as the Board may determine from time to time, provided that such number shall be within the minimum and maximum number of directors set out in Points International's articles.

2.2 Independence of Members

A majority of the directors shall be independent directors for the purposes of the CSA Governance Policy and the NASDAQ Stock Exchange listing rules.

2.3 Election and Appointment of Directors

Directors shall be elected by the shareholders annually for a one-year term, provided that if directors are not elected at any annual meeting, the incumbent directors continue in office until their successors are elected.

2.4 Vacancy

The Board may appoint a member to fill a vacancy, which occurs in the Board between annual elections of directors to the extent permitted by the CBCA.

2.5 Removal of Members

Any director may be removed from office by an ordinary resolution of the shareholders.

### **3. BOARD CHAIR**

3.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Board. The Board should have a non-executive chair. If, for any reason, the Board appoints an executive chair, then the Board should also appoint a lead director from among the non-executive members of the Board. If, at any meeting, the Chair is not in attendance, then the directors present shall be responsible for choosing one of their number to be chair of the meeting.

3.2 Chair to be Appointed Annually

The designation of its Chair shall take place annually at the first meeting of the Board after a meeting of the shareholders at which directors are elected, provided that if the designation of

Chair is not so made, the director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

#### **4. MEETINGS OF THE BOARD**

##### **4.1 Quorum**

A quorum of the Board shall be the minimum number of directors required by the Articles, and compliance with the Canadian residency requirements stipulated in the CBCA in attendance or otherwise represented.

##### **4.2 Secretary**

The Board may designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of the Board.

##### **4.3 Time and Place of Meetings**

The time and place of the meetings of the Board and the calling of meetings and the procedure in all things at such meetings shall be determined by the Board; provided, however, the Board shall meet at least quarterly. Meetings shall be called on two days notice (exclusive of the day on which notice is sent but inclusive of the day for which notice is given).

##### **4.4 Right to Vote**

Each member of the Board shall have the right to vote on matters that come before the Board. Directors may not vote by proxy and may not appoint someone to act on their behalf.

##### **4.5 Invitees**

The Board may invite directors, officers and employees of Points International or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board, but such other parties may not vote.

##### **4.6 Independent Director Sessions**

At the conclusion of each regularly scheduled meeting of the Board convened to consider interim or annual financial statements, the independent directors shall, unless determined otherwise by the Chairman, meet without any member of management being present (including any director who is a member of management). No minutes of the independent director sessions will be taken unless the Chair of the meeting requests in writing that the discussion be added to the meeting minutes.

#### **5. OUTSIDE ADVISORS**

##### **5.1 Retaining and Compensating Advisors**

Each director shall have the authority to retain outside counsel and any other external advisors as appropriate with the approval of the Chair.

#### **6. REMUNERATION OF BOARD MEMBERS**

##### **6.1 Remuneration**

Members of the Board and the Chair shall receive such remuneration for their service on the Board as approved by the Board upon recommendation of the Human Resources and Corporate Governance Committee.

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

### **7.1 Specific Aspects of Stewardship Function**

In adopting this mandate, the Board hereby explicitly assumes responsibility for the matters set out below:

- (a) to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
- (b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- (c) the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;
- (d) succession planning;
- (e) adopting a communication policy for the issuer;
- (f) the issuer's internal control and management information systems;
- (g) developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer;
- (h) measures for receiving feedback from stakeholders (e.g., the board may wish to establish a process to permit stakeholders to directly contact the independent directors); and
- (i) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.

### **7.2 Nomination and Appointment of Directors**

The Board shall nominate individuals for election as directors by the shareholders, and shall fill such vacancies on the Board as it is permitted by law to fill, in each case upon recommendation of the Human Resources and Corporate Governance Committee.

### **7.3 Significant Decisions**

The Board shall require management to obtain its approval for all significant decisions, including major financings, acquisitions, dispositions, budgets and capital expenditures.

### **7.4 Information Flow from Management**

The Board shall require management to keep it aware of the Corporation's performance and events affecting the Corporation's business, including opportunities in the marketplace and adverse or positive developments.

### **7.5 Corporate Objectives**

The Board shall approve specific financial and business objectives, which will be used as a basis for measuring the performance of the Chief Executive Officer, the President and the senior management team.

#### 7.6 Delegation to Committees

- (a) The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate:
  - i. Audit Committee; and
  - ii. Human Resources and Corporate Governance Committee.
- (b) Subject to Points International's articles and by-laws, the Board may appoint any other committee of directors to delegate to such committee any of the powers of the Board, except to the extent that such delegation is prohibited under the CBCA.
- (c) The Board will appoint and maintain in office, members of each of its committees such that the composition of each such committee is in compliance with all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate.
- (d) The Board will review the mandates of each of its committees on an annual basis and will revise those mandates as it considers appropriate. The Board may also establish a process for all committees of the Board to assess their performance on a regular basis.

#### 7.7 Delegation to Management

- (a) Subject to Points International's articles and by-laws, the Board may designate the offices of the Corporation, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of the Corporation, except to the extent that such delegation is prohibited under the CBCA.
- (b) In consultation with the Human Resources and Corporate Governance Committee, the Board shall adopt position descriptions for the Chairman of the Board, the Chief Executive Officer, the Chairman of the Audit Committee and the Chairman of the Human Resources and Corporate Governance Committee.

#### 7.8 Residual Authority

The Board retains responsibility for any matter that has not been delegated to senior management or to a committee of the directors.

#### 7.9 Financial Statements

The Board shall review and, if appropriate, approve Points International's annual financial statements and related management discussion and analysis after the Audit Committee has reviewed and made a recommendation on those statements to the Board.

#### 7.10 Compensation Matters

The Board shall:

- (a) Compensation and Benefits - review and approve, as appropriate:
  - i. the overall structure of Points International's total compensation strategy, including the elements of Points International's annual and long-term

- incentive plans, including plan design, performance targets, administration and total funds/shares reserved for payments;
  - ii. the total compensation of the Chief Executive Officer in light of the performance assessment by the Human Resources and Corporate Governance Committee; and
  - iii. the total compensation for the members of the Board, in light of director compensation guidelines and principles established by the Board on recommendation of the Human Resources and Corporate Governance Committee; and
- (b) Organizational Responsibilities - review and approve as appropriate:
- i. appointments for all mission critical positions (as such positions are defined by the Human Resources and Corporate Governance Committee from time to time) and compensation packages for such appointments; and
  - ii. the report on executive compensation that is required to be included in Points International's management proxy circular;

and shall require the Human Resources and Corporate Governance Committee to make recommendations to it with respect to all such matters.

#### 7.11 Code of Business Conduct

The Board will approve a business code of conduct recommended to it by management and which complies with all applicable legal and stock exchange listing requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate.

## **8. EVALUATION OF BOARD PERFORMANCE AND MANDATE**

### 8.1 Amendments to Mandate

The Board will review and reassess the adequacy of its mandate on an annual basis and at such other times as it considers appropriate.