

## **CENTRAL FUND OF CANADA LIMITED**

### **BOARD OF DIRECTORS MANDATE**

#### **1. Primary Mandate**

The Board of Directors has responsibility for direction and supervision of administration of the affairs of Central Fund of Canada Limited (the “Corporation”) consistent with their powers and obligations under the *Business Corporations Act (Alberta)* and other statutory and legal requirements generally applicable to directors of a business corporation that is also a reporting issuer for securities purposes in Canada and is listed on the Toronto and New York stock exchanges or successor exchanges.

The prime stewardship responsibility of the Board of Directors is to ensure the viability of the Corporation and its functions as a passive holder of gold and silver bullion.

#### **2. Composition and Organization of Board**

##### **A. Selection of Directors**

The Corporate Governance Committee of the Board periodically reviews the desired size and composition of the Board, the need for recruitment of new Board members and the appropriateness of the competencies, skills and experience of nominees. After seeking input and suggestions, the Committee assesses any proposal for a new member prior to the proposal being submitted to the Board and, in turn, considered by the Board and a recommendation being made by it in appropriate cases for election by the holders of Common shares.

All new members are briefed on the unique structure of the Corporation, its administration, its financial affairs, the securities and regulatory environment, reporting requirements and affairs as a whole. A Directors’ Manual is provided to each new member.

##### **B. Membership Criteria**

Nominees must have qualifications prescribed for directors under the corporate laws of the Province of Alberta and applicable securities laws. They should have an appropriate mix of skills, knowledge and experience in business. Nominees selected should be able to commit sufficient time for the business of the Board.

All directors are required to act honestly and in good faith and with loyalty to the Corporation and with due regard for its shareholders generally.

### C. Independence

Except for a transitional period following retirement of an independent Director, a majority of the Board shall be composed of Directors who, in the reasonable opinion of the Board, are "independent" under the provisions of National Instrument 58-101 of the Canadian Securities Administrators.

### D. Chairman

The Board shall, until otherwise determined, appoint a Chairman from among the Directors. In the event that the Chairman is a director or executive of the Administrator, the Board shall also appoint a Lead Director from among the non-administrative or non-related Directors who may Chair the Board meetings where the Chairman and Vice-Chairman are absent, who shall chair in camera sessions of the Board and who shall assume such other functions as are appropriate to the role of a Lead Director.

### E. Term of Office

The Directors are elected by the holders of Common shares at each annual meeting and the term of office expires at the next annual meeting of the shareholders or when a successor is elected.

## 3. Meetings of the Board

- (a) In order to carry out its mandate, the Board holds regular meetings on a quarterly basis and additional meetings as required to consider particular issues or strategic planning or deal with specific matters between quarterly meetings whenever appropriate;
- (b) Subject to applicable law and policy, the Board is the master of its own policies, procedures, practices and deliberations concerning the affairs of the Corporation;
- (c) Distribution of materials and financial and other information important to the Directors' understanding of agenda items is generally effected in advance of a meeting. The Board will often invite officers of the Administrator and its advisor to attend part of Board meetings to make presentations so as to allow Directors to gain additional understanding and insight into the affairs of the Corporation;
- (d) The Directors regularly meet *in camera* without any member of the Administrator present to ensure free and open discussion and communication among the independent Directors.

## 4. Implementation

In order to carry out such responsibilities, the Board of Directors:

- (a) approves, and oversees the implementation of, the Corporation's forward planning and strategy including the stewardship of the Corporation, entering into of administrative, safekeeping, transfer agency and other service agreements and any significant divestitures of assets by the Corporation;
- (b) with input from the Audit Committee, reviews the financial performance and financial reporting of the Corporation and assesses the scope, implementation and integrity of the Corporation's internal control and information systems;
- (c) identifies and assesses the principal risks of the affairs of the Corporation;
- (d) oversees the public communications policy and shareholder relations activities of the Corporation including any measures for shareholder feedback;
- (e) appoints the Officers of the Corporation, ensuring that they are of the calibre and integrity required for their roles and planning their succession as appropriate from time to time;
- (f) reviews and approves on an annual basis, the overall strategy of the Corporation, all of which is developed in the first instance for consideration by the Senior Executive Officers of the Corporation;
- (g) assesses and selects nominees for election as Directors;
- (h) ensures that new Directors are provided with adequate orientation;
- (i) develops, through the Corporate Governance Committee, the Corporation's approach to corporate governance issues;
- (j) establishes and oversees sub-committees of the Board as appropriate, approves their mandates and approves the compensation of their members; and
- (k) reviews the performance of Senior Officers of the Corporation and of the Administrator in line with corporate policies in effect from time to time and fulfilment of the Corporation's objectives; and
- (l) establishes the expectations and responsibilities of, and assesses the performance of, the Directors.

In carrying out its responsibilities, the Board shall adopt a Code of Ethics to govern behaviour of Officers of the Corporation and officers and employees of the Administrator. The Board shall monitor the compliance with such Code and, should any

material waivers be granted to Directors or Officers of the Corporation, the Board should as a matter of policy cause this to be disclosed in the next ensuing quarterly or annual report on the finances of the Corporation.

The Board shall meet on at least a quarterly basis and shall hold additional meetings as required or appropriate to deal with financing or other issues. Directors shall all be encouraged to attend meetings in person wherever feasible. Attendance at or participation in meetings shall be recorded.

Each of the Directors is expected to agree to an evaluation of his or her individual performance as well as to a review of the collective performance of the Board of Directors as a whole. Directors shall be encouraged to exercise their duties and responsibilities in a manner that is consistent with this mandate and with the best interests of the Corporation and its shareholders generally.

## **5. Resources**

The Board of Directors shall have the authority to retain legal, accounting and other consultants to advise it. The Board may request any Officer of the Corporation or any officer or employee of the Administrator or its outside counsel or the external/internal auditors to attend any meeting of the Board or to meet with any members of, or consultants to, the Board.

An individual Director shall be permitted to engage an outside advisor at the expense of the Corporation where, for example, he or she is placed in a conflict position through activities of the Corporation, but any such engagement shall be subject to the prior approval of the Board or the Chairman of the Audit Committee.

Approved as revised: August 29, 2017