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# Mandate of the Board of Directors

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Approved by the Board of Directors on December 4, 2006

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**LAB RESEARCH INC.**  
**(the “Corporation”)**

**MANDATE OF THE BOARD OF DIRECTORS**

The Board of Directors (the “**Board**”) is responsible for the supervision of the management of the Corporation’s business and affairs, with the objective of respecting the strategic plan of the Corporation and of increasing shareholder value. Even though management conducts the day-to-day operation of the Corporation, the Board has a duty of stewardship and periodically assesses and monitors management’s performance.

In spite of the fact that directors may be elected by the shareholders in order to offer their level of expertise to the operations of the Board, they are not mandated to represent any particular interest. All decisions of each Board member must be made in the best interest of the Corporation.

The Board may delegate certain tasks to its committees. However, such delegation does not relieve the Board of its overall responsibilities with regards to the management of the Corporation.

**COMPOSITION AND QUORUM**

The Board is composed of a maximum of 10 directors.

The Board must be composed of a majority of directors who meet the independence requirements promulgated by the Ontario Securities Commission, the Autorité des marchés financiers, any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as in effect from time to time. The Board, in the aggregate, reflects a diversity of experiences and particular competences in order to answer to the specific needs of the Corporation.

At every meeting of the Board, the quorum established is a majority of directors holding office.

**RESPONSIBILITIES**

The Board has the following responsibilities:

- A. With respect to strategic planning
  1. Reviewing and approving annually the Corporation’s business plan and the global strategic plan.
  2. Reviewing and approving all strategic decisions for the Corporation including mainly acquisitions or sale of shares, assets or enterprises and all operations outside the ordinary course of business.

B. With respect to human resources and performance assessment

1. Choosing and approving the appointment or the destitution if necessary, of the President and Chief Executive Officer and approving the appointment or the destitution of other senior management executives.
2. Ensuring that the Corporate Governance and Human Resources Committee assesses annually the performance of the Chief Executive Officer and of senior management reporting to the Chief Executive Officer, taking into consideration the Board's expectations and set objectives, and approves their compensation.
3. Monitoring the management succession planning process.

C. With respect to financial matters and internal control

1. Monitoring the integrity and quality of the Corporation's financial statements and the appropriateness of their disclosure.
2. Reviewing and approving the annual and quarterly financial statements, the MD&A reports and the press releases related thereto.
3. Approving operating and capital budgets.
4. Determining dividend policies and declaring dividends when deemed appropriate.
5. Ensuring that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
6. Monitoring the Corporation's internal control and management information systems.
7. Monitoring the Corporation's compliance with applicable legal and regulatory requirements.
8. Reviewing periodically the Corporation's communications policy and monitoring the Corporation's communications with analysts, investors and the public and developing measures in order to facilitate shareholders' feedback.

D. With respect to Stock Option Plan

1. Management of the Stock Option Plan, including the grant, cancellation or modifications (subject to appropriate approval) of options pursuant thereto.

E. With respect to corporate governance matters

1. Overseeing management of the Corporation in a competent manner and in respect of applicable regulations.
2. Reviewing, periodically, appropriate corporate governance structures and procedures, including decisions requiring approval of the Board.
3. Adopting and reviewing periodically, the Corporation's Code of Ethical and Business Conduct governing the conduct of the Corporation's directors, officers and employees, and monitoring compliance with such code.
4. Approving a policy which enables committees of the Board to hire independent advisors at the expense of the Corporation when the circumstances require. The Chairman of the Board should be kept informed of such undertaking.
5. Monitoring the size and composition of the Board and its committees based on qualification, skills and personal abilities sought in Board members. Annually approve the composition of the Board's committees, nominate the members and its president. Annually review the mandates of its committees.
6. Approving the list of Board nominees for election by shareholders.
7. Approving the Management Proxy Circular as well as all documents requiring the Board's approval.
8. Ensuring that the committees act within their mandates.
9. Receiving annually the Chairman's report on the Board's assessment in regards to its effectiveness.
10. Receiving annually an attestation from Board's Committees confirming that all required elements included in their mandate and working plan have been covered.

F. With respect to all other Corporation affairs or activities

1. Monitoring and subject to the Board, approving all decisions in regard to any Corporation affair or activity that could be submitted to the Board from time to time.

## **METHOD OF OPERATION**

1. Meetings of the Board are held quarterly, or more frequently, as required. In addition, a special meeting of the Board is held annually in order to review the Corporation's strategic plan.
2. The Chairman of the Board in collaboration with the President and Chief Executive Officer and the Secretary determine the agenda for each meeting of the Board. The agenda and the relevant documents are provided to directors of the Corporation ahead of time.
3. Independent directors may meet before or after Board meeting or more often if required.