

Corporate Governance

The Toronto Stock Exchange Committee on Corporate Governance in Canada issued a report (the "TSE Report") setting out a series of guidelines for effective corporate governance. These guidelines deal with the composition, mandate, and objectives of boards of directors and their committees, the independence of corporate boards, the effectiveness and education of board members, and other matters dealing with corporate governance. In accordance with the guidelines it is a listing requirement that each TSE listed corporation annually disclose its approach to corporate governance with reference to the guidelines. The disclosure is attached to this Management Proxy Circular as "Schedule A".

Composition of the Board

The Board has three committees, the Special Committee, the Audit Committee and the Human Resource and Corporate Governance Committee, each of which reports and makes recommendations to the full Board. Set out below is a description of the committees of the Board, their mandates and their activities.

The Special Committee

In light of the business relationships between the Company and its significant shareholder, the Special Committee fulfils an important role in reviewing certain transactions and formulating policies and plans governing arrangements with GE Canada, its parent company GE and their respective affiliates. In particular, the Special Committee reviews and instructs management with respect to negotiations of multi-year agreements valued at greater than \$5.0 million and provides guidance and reviews summaries of other transactions with GE Canada, GE and their respective affiliates. In addition, the Special Committee has served in an advisory capacity to management and has been active in reviewing proposals and considering matters relating to the Company's strategic objectives and their implementation.

The Audit Committee

The Audit Committee reviews the annual financial statements of the Company and certain other public disclosure documents containing financial information. The Committee also reviews the nature and scope of the annual audit, makes recommendations to the Board regarding the appointment of auditors, meets with the auditors both with and without management and reviews the adequacy of internal accounting and control procedures. The Committee also reviews pension fund performance, insurance coverage, outstanding litigation, executive expenses annually and environmental compliance on a semi-annual basis.

The Human Resource and Corporate Governance Committee

The Human Resource and Corporate Governance Committee reviews the performance of senior management, including the Chief Executive Officer, in relation to individual goals and overall corporate results and makes recommendations to the Board with respect to senior executive compensation. The Committee oversees the Company's long-term incentive plans and pension arrangements. The Committee also reviews the compensation of Directors on an annual basis.

The responsibilities of the Committee relating to corporate governance include monitoring, assessing and reporting on the Company's corporate governance system, recommending to the Board new nominees for Directors when required, periodically reviewing and evaluating the performance of the Board as a whole as well as the composition of the Board committees.

Schedule "A"

TSE Corporate Governance Committee Guidelines:

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1. The Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for:
 - i) adoption of a strategic planning process

The Board of Directors supervises the management of the business and affairs of the Company. In particular, the Board oversees the development and implementation of the Company's strategic direction and its organizational structure.

An extensive two day Board planning session is held annually.

In addition, the Special Committee has served in an advisory capacity to management and has been active in reviewing proposals and considering matters relating to the Company's strategic objectives and their implementation.
 - ii) identification of principal risks and implementing risk managing systems

The Board identifies and reviews the principal risks associated with the Company's business.

The Audit Committee reviews the adequacy of internal accounting and control procedures, environmental, health and safety issues, insurance coverage and outstanding litigation.
 - iii) succession planning and monitoring senior management

The Board considers succession planning for the Company including the appointment, development, and monitoring of senior management.

The Human Resource and Corporate Governance Committee reviews the performance of senior management, including the Chief Executive Officer, in relation to individual goals and overall corporate results.
 - iv) communication policy

The Board establishes a communication policy for the Company and reviews significant communication releases.

TSE Corporate Governance
Committee Guidelines:

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| v) integrity of internal control and management information systems. | <p>The Board maintains the integrity of the Company by reviewing internal controls, management information systems, and regulatory compliance through its delegation to various committees.</p> <p>The Audit Committee reviews the annual financial statements of the Company and certain other public disclosure documents containing financial information. The Committee also reviews the nature and scope of the annual audit, makes recommendations to the Board regarding the appointment of auditors, meets with the auditors both with and without management and reviews the adequacy of internal accounting and control procedures.</p> |
| 2. Majority of directors are “unrelated”. | <p>The Company's Board is currently comprised of nine individuals. Two Directors, Messrs. Evans and Fleck, are related Directors as they are officers of the Company. The Board has determined that the remaining Directors are unrelated in that they are "independent of management and free from any interest or any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the corporation, other than interests and relationships arising from shareholdings". Of the seven unrelated Directors, three directors, Messrs. Darrell, Gillespie and Sedita, are officers or employees of the significant shareholder of the Company, GE Canada or its parent, GE. In making the determination that those Directors are unrelated, the Board considered: (i) the commentary in the TSE Report which states that "the significant shareholder should be able to elect individuals 'related' to the significant shareholder as directors of the corporation and have such individuals count in the majority of unrelated directors", subject to representation on the Board which fairly reflects the investment of other shareholders, (ii) the role performed by the Special Committee, and (iii) the practice of Directors who are officers and/or employees of GE Canada or GE to absent themselves from those parts of meetings of the Board and its committees where the existence of a conflict is apparent.</p> |
| 3. Disclose whether each director is “unrelated”. | <p>See item 2 for disclosure.</p> |

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| 4. Appoint a committee responsible for appointment/assessment of directors, composed of a majority of unrelated directors. | The mandate of the Human Resource and Corporate Governance Committee includes recommending to the Board new nominees for Directors, periodically reviewing and evaluating the performance of the Board as well as the composition of the Board committees. The Human Resource and Corporate Governance Committee is composed of four outside unrelated Directors. The Human Resource and Corporate Governance Committee met eight times during the 1999 fiscal year. |
| 5. Implement a process for assessing the effectiveness of the Board, its committees and individual directors. | The mandate of the Human Resource and Corporate Governance Committee includes surveying the directors regarding the effectiveness of Board operation as an informal assessment, reviewing on an annual basis the proposed Board and Committee agendas in conjunction with the Non-Executive Chairman. |
| 6. Provide orientation and education programs for new directors. | As new members have been elected to the Board, members of senior management have provided an orientation and education program for them. The programs have included presentations from and discussions with senior management responsible for the Company's product lines, facilities and financial operations, the review of operating procedures and policies, and tours of the Company's principal facilities. The Board has also held regular meetings at its different facilities in order to provide the directors with the opportunity to better understand the Company's operations. |
| 7. Consider reducing the size of the Board, with a view to improve effectiveness. | The Company considers the size of the Board to be appropriate at the current time. The current composition of the Board includes an adequate number of unrelated Directors fairly reflecting and representing the investment in the Company by shareholders other than the significant shareholder. |

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| 8. Review compensation of directors in light of risks and responsibilities. | The Human Resource and Corporate Governance Committee reviews the compensation of Directors on an annual basis. |
| 9. Committees should generally be composed of non-management directors and the majority of committee members should be unrelated. | <p>The Special Committee is currently composed of four outside unrelated Directors.</p> <p>The Audit Committee is composed of three outside unrelated Directors.</p> <p>The Human Resource and Corporate Governance Committee is composed of four outside unrelated Directors.</p> |
| 10. Appoint a committee responsible for determining the Corporation's approach to corporate governance issues. | The Human Resource and Corporate Governance Committee is responsible for governance issues. The responsibilities of the Committee include monitoring, assessing and reporting on the Company's corporate governance system, recommending to the Board new nominees for Directors, periodically reviewing and evaluating the performance of the Board as a whole as well as the composition of the Board committees. |

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11. Define limits to management's responsibilities by developing mandates for:

i) the Board

The responsibilities of the Board include:

- (i) identifying and reviewing the principal risks associated with the Company's business;
- (ii) reviewing and approving all significant financings, certain acquisitions and dispositions of assets, and other material transactions;
- (iii) considering succession planning for the Company including the appointment, development, and monitoring of senior management;
- (iv) reviewing periodic and annual reports of the Company's financial results;
- (v) maintaining the integrity of the Company by reviewing internal controls, management information systems, and regulatory compliance;
- (vi) establishing a communications policy for the Company and reviewing significant communication releases;
- (vii) approving executive compensation, including base salaries and incentive compensation plans;
- (viii) proposing and, where required, appointing nominees to the Board; and
- (ix) constituting committees of the Board and making appointments to those committees.

ii) the C.E.O.

The Human Resource and Corporate Governance Committee reviews the performance of senior management, including the Chief Executive Officer, in relation to individual goals and overall corporate results and makes recommendations to the Board with respect to senior executive compensation on an annual basis.

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12. Establish procedures to enable the Board to function independently of management.

The Board of Directors considers that appropriate structures and procedures have been put in place to ensure that the Board can function independently of management. These include the number of unrelated Directors on the Board, the fact that each of the Board's committees are composed of unrelated directors and chaired by outside unrelated Directors and that management, when requested, absent themselves from parts of Board and committee meetings to allow independent discussion of particular items. The effective independent functioning of the Board is further enhanced with the appointment on February 24, 2000 of Mr. Hantho, an unrelated director, as Chairman of the Board.

The Special Committee, which was established in 1992, is currently composed of four outside unrelated Directors and met ten times during the 1999 fiscal year. In light of the business relationships between the Company and its significant shareholder, the Special Committee fulfils an important role in reviewing certain transactions and formulating policies and plans governing arrangements with GE Canada, its parent company GE and their respective affiliates. In particular, the Special Committee reviews and instructs management with respect to negotiations of multi-year agreements valued at greater than \$5.0 million and provides guidance and reviews summaries of other transactions with GE Canada, GE and their respective affiliates. In addition, the Special Committee has served in an advisory capacity to management and has been active in reviewing proposals and considering matters relating to the Company's strategic objectives and their implementation.

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| 13. i) Establish an Audit Committee with a specifically defined mandate. | The Audit Committee reviews the annual financial statements of the Company and certain other public disclosure documents containing financial information. The Committee also reviews the nature and scope of the annual audit, makes recommendations to the Board regarding the appointment of auditors, meets with the auditors both with and without management and reviews the adequacy of internal accounting and control procedures. The Committee also reviews pension fund performance, insurance coverage, outstanding litigation, executive expenses annually and environmental compliance on a semi-annual basis. The Audit Committee met seven times during the 1999 fiscal year. |
| ii) Members of the Audit Committee should be composed of only outside directors. | The Audit Committee is composed of three outside unrelated Directors. |
| 14. Implement a system to enable individual directors to engage outside advisors, at the corporation's expense. | Individual directors can engage outside advisers with the authorization of the Human Resource and Corporate Governance Committee. |