



MANDATE OF THE CORPORATE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

1. Interpretation

“**Chairman**” means the Committee Chairman.

“**Committee**” means the Corporate Governance and Human Resources Committee of the Company.

“**Committees**” means the Corporate Governance and Human Resources Committee and the Audit Committee of the Company.

“**Company**” means, Medicago inc and its subsidiary, Medicago Europe S.A.S.

“**Board**” means all of the directors.

“**Independent director**” means a director who has no direct or indirect relationship with the Company or with a related entity, which could be reasonably expected to interfere with the exercise of an independent judgment regarding the best interests of the Company. Save exceptions, is not an Independent director the person who:

- a) is or has been within the last three years, an employee or executive officer of the Company or a related entity;
- b) is a member of the immediate family of an individual who is or has been, within the last three years, an executive officer of the Company or a related entity;
- c) is or has been (or whose immediate family member is or has been), within the last three years, an executive officer, a partner or an employee of a material service provider of the Company or a related entity (including the external auditors unless their engagement has ended);
- d) is or has been (or whose immediate family member is or has been), within the last three years, an executive officer of an entity if any of the current senior management of the Company or a related entity serves or served at the same time on the entity's Compensation Committee;

- e) has a relationship with the Company or a related entity under which he or she may directly or indirectly accept any consulting, advisory or other fees from the Company or a related entity, except for any compensation as a member of the Board of the Company or a related entity;
- f) received (or whose immediate family member received) more than \$75,000 in direct compensation from the Company or a related entity during any 12 month period within the last three years; or
- g) is a natural person who controls the Company or a related entity; or
- h) is a natural person who is both a director and an employee of the Company or a related entity.

2. Objectives

The Committee assists the Board in the exercise of certain duties.

Firstly, the Board delegates certain duties to the Committee regarding the corporate governance of the Company. Among others, the Committee develops policies regarding corporate governance for the Company, for internal governance as well as for the Company's external communications. Also, the Committee reviews issues regarding the functions of the senior management of the Company.

Secondly, the Board delegates certain duties to the Committee regarding the human resources of the Company. Among others, the Committee reviews issues regarding the appointment, training, compensation and succession of the directors and members of the Company's senior management.

The Committee's mandate set forth herein does not limit the scope of any rights or powers conferred to the Board.

3. Composition

- 3.1 The Committee shall be comprised of Independent directors.
- 3.2 The Board shall appoint the Chairman. If the Chairman is not present at a Committee meeting, the members present shall choose one of their number to act as Chairman for the purposes of this specific meeting.

4. Meetings and Procedures

- 4.1 Meetings shall be called by the Chairman and held at least twice per year.
- 4.2 The chairman of the Board and the President and Chief Executive Officer of the Company may request that the Chairman hold a meeting of the Committee.

- 4.3 The quorum of the Committee shall be composed of not less than the majority of the Committee members then in office.
- 4.4 Notice of each meeting shall be given to each Committee member and to the other directors and to the Company's senior management. Unless they are expressly called to the meeting, the latter only receive the notice for information purposes.
- 4.5 The Committee may invite the persons it considers useful to invite, including the Company's senior management, to attend the meetings and participate in the discussions concerning the Committee's business.
- 4.6 The Committee members, whenever possible, shall take all necessary steps to attend Committee meetings and to prepare themselves with respect to the matters and documents to be discussed thereat.
- 4.7 The Committee shall appoint a secretary. The secretary shall attend the meetings, during which he or she shall take minutes. The minutes shall be made available to the directors for consultation and are approved by the Board before being included in the Company's registers or records.
- 4.8 The Committee shall submit periodically a report to the Board on its activities, including the nature of its deliberations and the related recommendations.
- 4.9 The Committee, in the performance of its duties, may consult any relevant register or record of the Company.
- 4.10 The Committee members shall receive, in this capacity, the compensation that the Board establishes from time to time.

5. Responsibilities and Duties

5.1 Board

- 5.1.1 The Committee reviews the criteria regarding the composition of the Board and of its Committees. Among others, it considers the size of the Board and its Committees, the proportion of Independent directors, the criteria used by the Board to determine whether a director is independent, the representative character, the overall efficiency of the Board or of a committee as composed, and the number of years during which a director has been on the Board or on a Committee.
- 5.1.2 The Committee reviews the criteria regarding the appointment of the directors, without relation to the age or tenure. Among others, it considers the attendance at Board and Committee meetings, the health condition, the assumption of responsibilities which are

incompatible with and effective composition of the Board, and the assessment of the effectiveness of the Board as a whole and of the committees. The Committee uses this review to establish in light of the opportunities and risks facing the Company, what competencies, skills and qualities would improve the effectiveness of the Board.

- 5.1.3 When required, the Committee identifies specific candidates whose competencies, skills and personal qualities meet Boards' requirements.
- 5.1.4 The Committee recommends to the Board a list of candidates for directors to be nominated for election by the shareholders at each annual meeting of shareholders.
- 5.1.5 The Committee recommends to the Board candidates to fill vacancies on the Board occurring between annual meetings of its shareholders.
- 5.1.6 The Committee assists the Board in the implementation of a program of positioning and training for the new members of the Board.
- 5.1.7 The Committee recommends to the Board the removal of a director in exceptional circumstances, for example when such director is in a position of conflicts of interest or when the criteria underlying the appointment of such director change.
- 5.1.8 The Committee ensures that the Board can function independently from the Company's senior management and, for that purpose, ensures that Board meetings outside of the presence of the Company's senior management are held on a periodical basis.
- 5.1.9 The Committee issues to the Board recommendations regarding the compensation of directors and members of committees of the Board, including the sufficiency and the form of such compensation, which shall realistically reflect the responsibilities and risks of the positions held.
- 5.1.10 Generally, the Committee recommends to the Board measures in order to improve the Board's efficiency. In that regard, the Committee establishes in which areas the directors could, collectively or individually, improve their contribution to the Company's affairs.

5.2 Human Resources

5.2.1 The Committee reviews the following issues and makes recommendations in that respect to the Board:

- a) succession planning of the Company's senior management, including plans for specific improvement and career planning for future successors;
- b) all of the Company's compensation plans and policies, including the compensation strategy and the senior management compensation policies, taking into account the proposals from the Company's President and Chief Executive Officer;
- c) the insurance coverage for the Company's directors and senior management, as well as the policies regarding their indemnification;
- d) the recruitment, hiring, evaluation, determination of terms of employment and the description of the chief executive officer and other senior management members positions;
- e) the training for new directors or senior management;
- f) the general objectives that the Company's senior management are expected to meet, the evaluation of the Company's president and chief executive officer with regard to such targets and the monitoring of the Company's president and chief executive officer's performance;
- g) the compensation of the members of the Company's senior management, the annual adjustment of their salaries and the setting up and administration of short term and long term incentive programs, fringe benefits and perquisite plans, taking into account the proposals from the Company's president and chief executive officer;
- h) selecting a compensation consultant to determine the senior management' compensation;
- i) any issue regarding employment and dismissal of members of senior management;
- j) the adoption of new plans or important modifications to compensation or fringe benefits plans of the Company;

- k) the appointment, if need be, of new members of the Company's senior management;
- l) important organizational changes in the Company's structure;
- m) presentation of the report proposed by the Committee regarding senior management' compensation to be included in the Company's annual information circular, as the case may be;
- n) continuous education programs for the Company's senior management; and
- o) any other issue with respect to the compensation of the Company's senior management, including the sufficiency and the form of such compensation, which shall reflect the responsibilities and risks of their position held.

5.3 Compliance

5.3.1 The Committee reviews the compliance by the Company, its directors and senior management with regulatory provisions regarding corporate governance.

5.3.2 The Committee reviews any proposed modification to the Company's articles.

5.4 Code of conduct and ethical guidelines regarding conflicts of interest (the "**Code**")

5.4.1 The Committee reviews periodically the Code and makes recommendations to the Board regarding its content and its enforcement.

5.4.2 The committee monitors the compliance with the Code and reviews situations related thereto that are brought to its attention.

5.4.3 The Committee recommends to the Board, in certain circumstances, to grant or not to grant waivers to directors and members of the Company's senior management regarding compliance with the Code. When a waiver is granted, the Committee ensures that the Board disclose its content at the appropriate time and specify the circumstances in favour of such waiver.

5.5 Corporate Governance Principles

- 5.5.1 The Committee makes general recommendations to the Board regarding corporate governance. Among others, it considers the compliance with relevant regulatory provisions regarding corporate governance.
- 5.5.2 The Committee reviews annually the relationship between the Board and the Company's senior management. Among others, it ensures that the Board's concerns in terms of corporate governance are brought to the executive officer's attention.
- 5.5.3 The Committee makes recommendations to the Board regarding any contract or agreement with related entities.
- 5.5.4 The Committee is responsible for establishing blackout periods regarding transactions on the securities of the Company by its directors, senior management and consultants:
 - a) in the days preceding and following the issuance of interim and annual financial results; and
 - b) in the days preceding the announcement of any material information.

5.6 Internal and External Resources

- 5.6.1 The Committee shall hire independent external advisers if it deems necessary or desirable for its needs. However, the Committee shall not delegate its responsibilities, unless expressly permitted herein.
- 5.6.2 The Committee may, in the exercise of its duties, consult any relevant record or file of the Company.
- 5.6.3 The president gives his opinion on the opportunity for the Board to hire external advisers at the expense of the Company when the required in the performance of their duties.

5.7 Shareholders' Proposals

- 5.7.1 The Committee reviews proposals presented to the Board by the shareholders and makes recommendations in that regard or refers such proposals to the President and Chief Executive Officer of the Company for the latter to make recommendations.

5.8 Communication Policy

5.8.1 The Committee recommends to the Board a communication policy. The Committee reassess annually the communication policy.

5.8.2 The committee makes recommendations to the Board so that the communication policy describe the way in which the Company communicates its corporate objectives to the Company's shareholders and other concerned parties may communicate with the Company.

5.8.3 The committee makes recommendations to the Board so that the communication policy deal with the way in which the Company interacts with the analysts, investments, other parties concerned and the public, including the issuance of any forward-looking statements. Among others, such recommendations take into account the continuous and timely disclosure obligations and obligations regarding the protection of confidential information.

5.8.4 The Committee makes recommendations to the Board regarding compliance of the Company with the obligations and guidelines of the regulatory authorities competent in securities matters. Among others, the Committee assess on the disclosure of information regarding the Company's corporate governance policies.

5.9 Review of the Mandate

5.9.1 The Board shall review the Committee Mandate and reassess its sufficiency and the necessity of updating it on an annual basis.

Adopted by the Board on July 31, 2006