
ARCTIC GLACIER INCOME FUND

CORPORATE GOVERNANCE

Trustee's Selection Guidelines

Corporate Governance Guidelines – Trustee Selection

The Board of Trustees (the “Board”) of Arctic Glacier Income Fund (the “Fund”) from time to time adopts Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Fund and its unitholders. These Guidelines should be interpreted in the context of all applicable laws and the Fund’s Declaration of Trust, Bylaws and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Fund and its unit and its unitholders or as required by applicable laws and regulations.

The Board has adopted the following Corporate Governance Guidelines to help the board in its responsibilities concerning trustee selection.

The Board

Size of the Board

The Fund’s Declaration of Trust, as amended (“Trust Declaration”) provides that the number of trustees will be fixed from time to time by the Board, but in no event will be less than 3 or more than 9. The Board currently has 4 members. The Board believes that this number of trustees permits diversity of experience without hindering effective discussion or diminishing individual accountability. The Corporate Governance Committee will periodically review the size of the Board, and determine the size that is most effective in relation to future operations.

Selection of New Trustees

The entire Board will stand for election by the unitholders of the Fund each year at the Fund’s annual meeting. Each year, at the annual meeting, the Board will recommend a slate of trustees for election by the unitholders. In accordance with the Trust Declaration, the Board will also be responsible for filing vacancies or newly created trusteeships on

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the Board that may occur between annual meetings of unitholders. The Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the entire Board, for Board membership.

Independence of the Board

The Board will be comprised of a majority of trustees who qualify as independent trustees (the “Independent Directors”) under the listing standards of the TSX and such other requirements applicable to the Fund (the “Independence Standards”).

The Corporate Governance Committee will review annually the relationships that each director has with the Fund (either directly or as a partner), stockholder or officer of an organization that has a relationship with the Fund). Following such annual review, only those trustees who have no material relationship with the Fund (either directly or as partner, stockholder or officer of an organization that has a relationship with the Fund) will be considered Independent Trustees, subject to additional qualifications prescribed under the Independence Standards.

Trustee Qualification Standards

The Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Corporate Governance Committee, in recommending candidates for election, and the Board, in approving (and, in the case of vacancies, appointing) such candidates, take into account many factors, including ability to make independent analytical inquiries, general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today’s business environment, experience in the Fund’s industry and with relevant social policy concerns, understanding of the Fund’s business on a technical level, other board service and educational and professional background. Each candidate nominee must also possess fundamental qualities of intelligence, honesty, good judgment, high ethics and standards of integrity, fairness and responsibility. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent unitholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a trustee for re-election, the Corporate Governance Committee also considers the trustee’s past attendance at meetings and participation in and contributions to the activities of the Board.

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The Corporate Governance Committee will also utilize the results of the Board's annual performance evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

Assignment of Board Members To Committees and Rotation of Committee Members

Based on the recommendations of the Corporate Governance Committee and subject to applicable regulatory requirements regarding independence and financial literacy, the Board appoints committee members and committee chairs according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interest of the Fund.

Stock Ownership

The Company encourages trustees to purchase units of the Fund's stock. However, the number of units of the Fund's stock owned by any trustee is a personal decision and, at this time, the Board has chosen not to adopt a policy requiring ownership by trustees of a minimum number of shares.

No specific Limitation on Other Board Service

The Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities. However, the Corporate Governance Committee and the Board will take into account the nature of and time involved in a trustee's service on other boards and/or committees in evaluating the suitability of individual trustee candidates and current trustees and making its recommendations to the Fund's unitholders.

Service on other boards and/or committees should be consistent with the Fund's conflict of interest policies.

Trustees Who Resign or Materially Change Their Current Positions or Become Aware of Circumstances that May Adversely Reflect upon the Trustee or the Company

When a trustee, including any trustee who is currently an officer or employee of the Fund, resigns or materially changes his or her position with his or her employer or becomes aware of circumstances that may adversely reflect upon the trustee or the Fund, such trustee should notify the Corporate Governance Committee of the circumstances, and may in certain cases consider requesting that the trustee subject his or her resignation from the Board if, for example, continuing service on the Board by the individual is not consistent with the criteria deemed necessary for continuing service on the Board.

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Term Limits

As each trustee is subject to election by unitholders on an annual basis, the Board does not believe it is in the best interests of the Fund to establish term limits at this time as this may cause the Fund to lose the contribution of trustees who have been able to develop, over a period of time, increasing insight into the Fund's business and therefore can provide an increasingly significant contribution to the Board. The Corporate Governance Committee will however periodically review each trustee's contribution on the Board and give each trustee the opportunity to confirm his or her desire to remain on the Board.

Conflicts of Interest

Trustees are expected to act in a manner which is consistent with the Fund's conflict of interest policies and to avoid any action, position or interest that conflicts with the interests of the Fund or gives the appearance of a conflict. If an actual or potential conflict of interest develops, the trustee should immediately report the matter to the Chairman of the Board or the Chairman of the Corporate Governance Committee. Any significant conflict must be resolved or the trustee should resign. If a trustee has a personal interest in a matter before the Board, the trustee will disclose the interest to the Board, excuse himself or herself from discussion on the matter and not vote on the matter.