

**INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS  
OF SEARS CANADA INC.**

**CHARTER  
(Amended and restated as of November 19, 2009)**

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**1. DEFINITIONS**

In this Charter, the following terms have the meaning set out below:

**"Affiliate"** means the relationship of bodies corporate where one body corporate is the subsidiary of the other or each of them is a subsidiary of the same body corporate or is controlled by the same person;

**"Board"** means the Board of Directors of the Corporation;

**"Chair"** means the chair of the Committee;

**"Chief Executive Officer"** or **"CEO"** means the Chief Executive Officer and/or the President of the Corporation or the individual holding the highest executive function of the Corporation appointed by the Board;

**"Committee"** means the Investment Committee established by the Board;

**"Corporation"** means Sears Canada Inc.;

**"Director"** means an individual elected to the Board by shareholders of the Corporation, or appointed to the Board.

**"Funds"** means the funds established pursuant to the Sears Canada Inc. Health and Welfare Plan, the Sears Canada Inc. Supplementary Retirement Plan, the Sears Profit Sharing Retirement Plan, and the SRRP;

**"Independent Director"** means a Director who has no direct or indirect material relationship with the Corporation or any of its Affiliates, that is, a relationship which would, in the view of the Board, reasonably interfere with the exercise of the Director's independent judgment;

**"Investment Consultant"** means the investment consulting firm retained by the Committee for the purposes set out in Section 7(a);

**"Investment Managers"** means the investment management firms retained by the Corporation to manage the Funds;

**"Member"** means a Director, Officer or senior manager of the Corporation appointed to the Committee by the Board;

**"Officer"** means an officer of the Corporation appointed by the Board;

**"SIP&P"** means the Statement of Investment Policies and Procedures for the SRRP; and

**"SRRP"** means the Sears Registered Retirement Plan.

**2. PURPOSE**

The purpose of the Committee is to assist the Board in its oversight responsibilities relating to the investment of the Funds.

**3. STRUCTURE**

- (a) The Committee shall be composed of five or more Members. At least two of the Members shall be Directors.
- (b) Members shall hold office from the time of their appointment until the earliest of their removal or resignation from the Committee and the appointment of their successors, and, in the case of a Member who is an Officer or senior manager of the Corporation, the termination of his or her employment with the Corporation.
- (c) One of the Members, who is an Independent Director, shall be appointed by the Board as the Chair.
- (d) Unless otherwise determined by resolution of the Board, the Secretary of the Board shall be the Secretary of the Committee. The Secretary of the Committee shall maintain the records of the Committee.
- (e) The Committee shall establish its own procedures, including the timing and place of meetings, as it considers necessary or desirable.

**4. ROLE OF THE CHAIR**

The main responsibilities of the Chair are as follows:

- (a) Call and chair all meetings of the Committee. If the Chair is unavailable or unable to attend a meeting of the Committee, then the Chair shall request another Member to chair the meeting, failing such request, the acting Chair shall be designated by and from the Members present at the meeting. In each case, the acting Chair shall be a Member who is a Director.
- (b) Develop the agenda for meetings of the Committee with or without consulting Management.
- (c) Hold the right to cast a vote to resolve any ties on matters that require Committee approval.
- (d) Act as the primary contact between the Committee and Management.
- (e) Report to the Board on all meetings and activities of the Committee.
- (f) Assume other responsibilities as this Charter, the Committee or the Board may specify from time to time.

## 5. **RESPONSIBILITIES**

The Committee shall have the following duties and responsibilities:

### **A. *Establishment of Strategy and Policies***

- (i) Consider and approve, where appropriate, the adoption of the investment policy recommended by Management and the Investment Consultant, for assets of the Funds, which policy shall include, without limitation, a statement of the long-term investment goals and long-term asset mix target for the Funds, as well as compliance with investment restrictions under applicable legislation.
- (ii) Review, at least annually, the currency and adequacy of the SIP&P and make any changes thereto which are necessary or desirable.

### **B. *Appointment of Investment Managers***

- (i) Consider and, if appropriate, approve recommendations made by Management and the Investment Consultant for hiring and terminating Investment Managers with reference to the applicable hiring or termination criteria.
- (ii) Review, from time to time, and amend, as may be necessary, the general standard terms and conditions, which shall form the basis of the agreements to be entered into between the Corporation and the Investment Managers.
- (iii) Review and approve the mandates and performance standards for the Investment Managers.
- (iv) Monitor the performance of the Investment Managers and require that periodic presentations be made by the Investment Managers with respect to the performance and management of the Funds assigned to them.
- (v) Review and, if appropriate, approve the method proposed by Management by which cash flow is allocated, from time to time, among the Investment Managers.

### **C. *Other***

- (i) Review the annual financial statements of the Funds.
- (ii) Adhere to the guidelines set forth in the SIP&P.
- (iii) Discuss with, and advise, Management with respect to relevant new findings and topics concerning investment management.

## 6. **MEETINGS**

- (a) The Committee shall meet at least three times per year and may meet more often if required.

- (b) The Chair of the Board and the CEO shall be entitled to attend all meetings of the Committee unless they are requested by the Committee not to do so.
- (c) The quorum necessary for the transaction of business at Committee meetings shall be three Members.
- (d) The Committee may meet in person or by telephone and may pass resolutions in lieu of meetings, provided such resolutions are signed by every Member.
- (e) The Committee shall, as it deems appropriate, hold an *in camera* session following each meeting.

**7. GENERAL**

- (a) In addition to the Investment Consultant, the Committee shall have the authority to engage other external advisors, as it deems appropriate, to assist the Committee in the performance of its duties. Except for the expenses of the Investment Managers, which shall be deducted from the investment returns of the Funds, the Corporation shall cover the costs for all such advisors.
- (b) The Committee shall have the authority to delegate, as appropriate, certain of its responsibilities and activities to one or more Members or to a subcommittee of the Committee.
- (c) The Committee shall review and assess the currency and adequacy of this Charter on an annual basis and recommend any appropriate changes thereto for approval by the Board. Notwithstanding the foregoing, the Board has the inherent jurisdiction to initiate and approve changes to this Charter at any time.
- (d) Any Member who is neither a Director nor an Officer shall be entitled to be indemnified by the Corporation in accordance with the standard indemnification agreement provided to Directors and Officers of the Corporation, *mutatis mutandis*, and this shall constitute sufficient authority for doing so.