

# **THE STARS GROUP INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

### **INTRODUCTION**

The board of directors (the “**Board**”) of The Stars Group Inc. (the “**Company**”) and its management are committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of the Company and discharges such responsibility by reviewing, discussing and approving the Company’s strategic planning and organizational structure and supervising management with a view to preserving and enhancing the business of the Company and its underlying value. Management of the business within this process and structure is the responsibility of the Chief Executive Officer and senior management.

The Board has adopted the following guidelines to assist it in its corporate governance responsibilities.

### **BOARD RESPONSIBILITIES**

#### **Board Mandate**

1. The Board has responsibility for the stewardship of the Company and has adopted a formal mandate setting out the Board’s stewardship responsibilities, including, without limitation, the Board’s responsibilities for the appointment of management, management of the Board, oversight of strategic planning, monitoring of financial performance, and oversight of financial reporting, risk management, company policies and procedures, communications and reporting and compliance.

#### **Corporate Strategy**

2. The Board believes that management is responsible for the development of the Company’s corporate strategies, while the role of the Board is to review, question, validate and ultimately approve such strategies. The Board shall review the Company’s long-term strategy not less than annually.

#### **Succession Planning**

3. The Board expects management succession planning to be an on-going activity to be periodically reviewed by the Corporate Governance and Nominating Committee and reported on to the Board. This planning process shall include, on a continuing basis, the Chief Executive Officer’s recommendation of a successor in the event of an unexpected incapacitation of the Chief Executive Officer.

#### **Board Communication with Stakeholders**

4. The Board has reviewed and approved, as applicable, the Company’s Disclosure, Confidentiality and Trading Policy and disclosure controls and procedures. The Board, or an appropriate Committee of the Board or a director with delegated authority, reviews the content of the Company’s major communications to shareholders and the investing

public, including, without limitation, quarterly and annual reports, earnings releases, management's discussion and analysis, information circulars, the annual information form and any registration statements or prospectuses that may be issued, filed or otherwise distributed.

5. The Board believes it is a function of management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that the Chair of the Board or other individual directors may from time to time be requested by management to assist with such communications. If communications from stakeholders are made to the Chair of the Board or other individual directors, management will be informed and consulted, as appropriate, to determine any appropriate response.

### **Corporate Governance**

6. The Corporate Governance and Nominating Committee is responsible for developing and recommending improvements and other necessary adjustments to these corporate governance guidelines for implementation by the Board.

## **BOARD ORGANIZATION AND MEMBERSHIP**

### **Selection of Chair of the Board**

1. The Chair of the Board shall be appointed by the Board after consideration of the recommendation of the Corporate Governance and Nominating Committee. The Board has approved and shall periodically review a position description for the Chair of the Board.

### **Lead Director**

2. The role of the lead director is normally filled by the Chair of the Board. At any time when the Chair of the Board is a non-independent director, the "**independent directors**" (as that term is defined in the Company's Mandate for the Board of Directors) may appoint an independent director to carry out the functions of a lead director. If and when appointed, the lead director's responsibilities would include acting as chair of regular meetings of the independent directors and assuming the other responsibilities set out in the Company's position description for the lead director or otherwise as may be set out by the Board.

### **Mix of Directors**

3. At all times a majority of the directors shall be independent directors and the Board believes that there should generally be no more than two management directors.
4. The Board shall annually consult with the Corporate Governance and Nominating Committee regarding its review of the independence of each of the non-management directors.

### **Majority Voting**

5. Any nominee for director in an uncontested election with respect to whom a majority of the total votes cast by ballot at, or if a ballot vote was not conducted, a majority of the votes represented by proxies validly deposited prior to, a meeting of shareholders of the Company at which directors of the Company are to be elected (an “**Election Meeting**”) are “withheld” from his or her election (a “**Majority Withheld Vote**”) shall, immediately following the Election Meeting, submit his or her resignation to the Board for consideration.
6. Directors other than those who received a Majority Withheld Vote at the same Election Meeting shall consider whether or not to accept the resignation. If there are less than three such directors, the entire Board shall meet to determine the actions to be taken. The resignation of a director who received a Majority Withheld Vote shall be accepted absent exceptional circumstances, and is effective when accepted by the Board. The determination shall be made within 90 days following the date of the Election Meeting and a press release disclosing the directors’ determination (and the reasons for rejecting the resignation, if applicable) shall be issued promptly following such determination. A copy of such press release shall be provided to the applicable stock exchanges and/or regulatory authorities.

### **Principal Occupation Changes by Directors**

7. A non-management director who makes a major change in principal occupation shall inform the Board before or immediately after such change and may be advised by the Board to submit his or her resignation to the Board for consideration. It is not intended that non-management directors who retire or whose professional positions change should necessarily leave the Board. Rather, the Board believes it is appropriate in such circumstances to conduct a review, with the assistance of the Corporate Governance and Nominating Committee, of the continued appropriateness of Board membership under such circumstances. Whether that resignation is accepted shall be determined by the Board, taking into account the circumstances existing at that time.
8. When the Chief Executive Officer or other officer ceases to be an officer, such officer, if a director, shall submit his or her resignation to the Board for consideration concurrent with ceasing to hold office with the Company. Whether that resignation is accepted shall be determined by the Board, taking into account the circumstances existing at that time.

### **Term Limits for Directors**

9. The Board has determined that fixed term limits for directors should not be established. The Board is of the view that such a policy would have the effect of forcing directors off the Board who have developed over a period of service increased insight into the Company and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide on-going input of fresh ideas and views and the Corporate Governance and Nominating Committee is mandated to annually consider recommending changes to the composition of the Board.

### **Retirement Age for Directors**

10. Unless otherwise determined by the Board, no person shall be appointed or elected as a director once that person has reached 75 years of age.

### **Criteria for Board Membership; Diversity**

11. The Corporate Governance and Nominating Committee is mandated to review annually the competencies, skills and personal qualities applicable to candidates to be considered for nomination to the Board. The objective of this review shall be to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of the Company.
12. The Company believes in diversity and values the benefits diversity can bring to the Board and the Company's workforce, including diversity of personal characteristics such as age, gender, character, geographic residence, business experience (including financial skills and literacy), functional expertise, demonstrated leadership, stakeholder expectations and culture. The composition of the Board and the Company's workforce is intended to reflect a diverse mix of skills, experience, knowledge and backgrounds, including an appropriate number of women directors and personnel. To this end, the Company has adopted a diversity policy that makes diversity of the Board one of the criteria for the Corporate Governance and Nominating Committee to consider in recruiting and selecting potential directors. In addition, the Corporate Governance and Nominating Committee is responsible for overseeing the Company's initiatives in promoting diversity in each of its Board and overall workforce, and oversees applicable Board and/or workforce diversity policies, programs and initiatives.

### **Other Directorships**

13. The Company recognizes that the Board can benefit when a director also serves on the board of another company, so long as such service does not conflict with the Company's interests, including those set out in the Company's corporate governance policies. A director's acceptance of additional positions as a corporate director with for-profit corporations is therefore subject to the Board's review. In general, unless otherwise determined by the Board, each non-management director is expected to hold no more than four public company directorships in total, and each director who is also an employee of the Company should not hold more than one such directorship (in addition to service on the Board). No member of the Audit Committee may serve on the audit committees of more than two other publicly-traded companies unless the Board has first determined that such simultaneous service would not impair the ability of the applicable director to serve on the Audit Committee.

### **Selection of New Director Candidates**

14. The Corporate Governance and Nominating Committee is mandated to recruit and consider candidates for director and to make recommendations to the Board. Directors are encouraged to identify potential candidates. The Chair of the Board and the Chief Executive Officer shall be consulted and have input into the process. An invitation to

stand as a nominee for election to the Board will normally be made to a candidate by the Board through the Chair or the Chair's delegate.

### **Director Orientation and Education**

15. The Corporate Governance and Nominating Committee is mandated to oversee an orientation, education and training program for new directors and ongoing educational and training opportunities for all directors.

## **BOARD COMMITTEES**

### **Board Committees**

1. The Board has determined that there should be three standing Board committees: (a) the Audit Committee; (b) the Corporate Governance and Nominating Committee and (c) the Compensation Committee. This structure may change as the Board considers from time to time which of its responsibilities can best be fulfilled through detailed review of matters in committee.
2. Each committee shall operate according to a Board-approved written charter outlining its duties and responsibilities. The responsibilities of the committees will include, without limitation:
  - (a) in the case of the Audit Committee, oversight of the external auditors, the internal auditors and the monitoring of audits, review of accounting principles and practices, monitoring of internal controls over financial reporting, communications with others respecting financial reporting matters and monitoring of the Company's financial disclosures, finance matters, insurance and pension responsibilities;
  - (b) in the case of the Corporate Governance and Nominating Committee, oversight with respect to Board composition and director nominations, corporate governance, business and ethical conduct, director orientation and continuing education, Board evaluations, Board operations, committee composition, and Board independence, succession planning and protection; and
  - (c) in the case of the Compensation Committee, oversight with respect to compensation of directors and senior officers, and administration of compensation policies.

### **Membership of Committees**

3. The Board has determined that the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee shall be composed entirely of independent directors.
4. After receipt of recommendations from the Corporate Governance and Nominating Committee, the Board shall appoint the members of the committees annually, and as necessary to fill vacancies, and generally shall appoint the chair of each committee. Members of the committees shall hold office at the pleasure of the Board.

## **Powers**

5. For the avoidance of doubt, unless the charter of the applicable committee provides otherwise, each Board committee will have the following powers:
  - (a) *Access* – each committee is entitled to full access to all books, records, facilities and personnel of the Company and its subsidiaries and may require such officers, director and employees of the Company and its subsidiaries and others as it may see fit from time to time to provide any information about the Company and its subsidiaries;
  - (b) *Delegation* – each committee may delegate from time to time to any person or committee any of the committee’s responsibilities that may lawfully be delegated; and
  - (c) *Adoption of Policies and Procedures* – each committee may adopt policies and procedures for carrying out its responsibilities.

## **Committee Procedures**

6. Except as provided for in the charter of the applicable committee, the procedures for the meetings of the Board committees shall be the same as those for the Board provided for under the heading “Board Meetings and Materials” below, with necessary modifications, including that references to the Chair of the Board will be to the chair of the applicable committee.

## **Oversight of Committee Functions**

7. The purpose of Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committee and its determinations. Except as may be explicitly provided in the charter of the committee or a resolution of the Board, the role of the Board committee is to review and make recommendations to the Board with respect to the approval of matters delegated to and considered by the committee.

## **BOARD MEETINGS AND MATERIALS**

### **Frequency, Time and Place of Meetings**

1. Meetings of the Board shall be held at least once per fiscal quarter, and shall be called and held in the manner and in the location contemplated by the Company’s by-laws, unless any such requirements are waived by the Board to the extent permitted by applicable law and the Company’s by-laws.

### **Quorum**

2. The quorum necessary for the transaction of business at a meeting of the Board shall be a majority of the number of directors then in office.

### **Voting; Conflicts of Interest**

3. Each member of the Board shall have the right to vote on matters that come before the Board. Any director that faces an actual or potential conflict of interest in a particular matter, other than matters relating to the compensation of directors, must disclose his or her interest to the Chair of the Board and the lead director (if applicable). If the Chair of the Board or lead director (if applicable) concur that there is an actual or potential conflict of interest, the applicable director will disclose his or her interest to the Board and will neither participate in consideration of, nor vote on, such matter.

### **Secretary of the Meeting; Minutes**

4. Subject to the Company's by-laws, the Chair of the Board will designate a person, who need not be a director, to act as secretary for each meeting or, if the Chair of the Board fails to designate such a person, the Corporate Secretary will be secretary of the applicable meeting. The secretary of each meeting shall keep minutes of the meeting. Minutes shall be maintained in a minute book kept for that purpose and distributed to all directors.

### **Meeting Agendas**

5. The Chair of the Board, in consultation with the Chief Executive Officer, Corporate Secretary, the lead director (if applicable), or other directors or senior management, as applicable, shall develop the agenda for each Board meeting.

### **Meeting Materials**

6. Meeting materials shall be provided to directors before each Board meeting in sufficient time to ensure adequate opportunity exists for review. It is recognized that under some circumstances, due to the urgency or confidential nature of matters to be discussed at a meeting or otherwise, it would not be prudent or appropriate or otherwise reasonably feasible to distribute written materials in advance.

### **Non-Directors at Board Meetings**

7. The Board believes there is value in having certain members of senior management, other employees and/or outside consultants or advisors attend Board meetings to provide information and opinions to assist the directors in their deliberations. Attendance by senior management, other employees and/or outside consultants or advisors shall be determined by the Chief Executive Officer with the concurrence of the Chair of the Board and the lead director (if applicable). Such attendees shall be excused for any agenda items that are reserved for discussion among directors only or are otherwise sensitive or confidential.

### **Executive Sessions of Directors and Independent Directors**

8. The Board has determined that an *in camera* meeting (also known as an "executive session") of the directors and an *in camera* meeting of the independent directors shall be

held in conjunction with regularly scheduled meetings of the Board, but no less than four times a year.

## **DIRECTOR COMPENSATION**

1. The Board has determined that the directors should be compensated for their service on the Board and on committees of the Board, if applicable, in a form and amount that is appropriate and customary for comparative companies, having regard for such matters as time commitment, responsibility and trends in director compensation.
2. The Compensation Committee is mandated to review the compensation of the directors on this basis annually. Such review shall include consideration of all forms of compensation which a director receives, directly or indirectly, including consulting contracts or charitable contributions which are made to organizations to which a director is affiliated.
3. To align director and shareholder interests, each director is also required to retain a minimum holding of the Company's common shares or certain equity-based awards in compliance with the Company's Stock Ownership Guidelines.

## **BOARD'S RELATIONSHIP WITH MANAGEMENT**

### **Board Relationship with Management**

1. The Board shall support and encourage the members of management in the performance of their duties. Management shall make appropriate use of the Board's skills before decisions are made on key issues. The Corporate Governance and Nominating Committee shall review and assess the Board's relationship with management.

### **Limits to Management Authority**

2. The Board has established general authority guidelines that provide appropriate flexibility but place limits on management's approval authority depending on the nature and size of the proposed transaction; certain of such transactions may require approval by the Board or a committee thereof.

### **Evaluation of the Chief Executive Officer and Executive Chairman**

3. The Board (or the Executive Chairman or any committee of the Board to the extent the Board delegates its responsibilities to the same) shall review the annual objectives for the CEO and the senior management team, and shall assess the results of the same.
4. The Compensation Committee shall conduct an annual review of the performance of the Executive Chairman and the Chief Executive Officer, as applicable, against goals and objectives which have been established by the committee and shall review, assess and recommend the compensation of the Executive Chairman and Chief Executive Officer, as applicable, to the Board for approval. The results of the reviews shall be communicated to the Executive Chairman and Chief Executive Officer, as applicable, by the Chair of the Board, the lead director (as applicable) and/or the chair of the committee.



## **Director Access to Management**

5. All directors shall have open access to the Company's senior management for relevant information. Written communications from directors to members of management shall be copied to the Chief Executive Officer or the Chief Legal Officer, or in the case of accounting and financial matters, the Chief Financial Officer. Individual directors are encouraged to make themselves available for consultations with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

## **DIRECTOR RESPONSIBILITIES AND PERFORMANCE**

### **Director Responsibilities**

1. Directors are expected to use their skill and experience to provide oversight to the business of the Company. Directors have a duty to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would in comparable circumstances.
2. Directors are expected to attend all Board and committee meetings whether in person or telephonic. If meetings are to be held in person, it is acceptable, on an infrequent basis, for directors to participate in such meetings by conference call if attendance in person is not possible. A director shall notify the Chair of the Board or committee chair, as applicable, or the Corporate Secretary if the director will not be able to attend or participate in a meeting.
3. Directors are expected to review and be familiar with Board and committee materials which have been provided in sufficient time for review prior to a meeting. Directors are to advise the Chair of the Board or committee chair, as applicable, of matters which they believe should be added to a meeting agenda.

### **Outside Advisors for Individual Directors**

4. The Board has determined that any director who wishes to engage a non-management advisor to assist on matters involving the responsibilities as a director at the expense of the Company should review the request with, and obtain the authorization of, the Corporate Governance and Nominating Committee and/or Compensation Committee, as applicable.

### **Assessment of Board and Individual Director Performance**

5. The Corporate Governance and Nominating Committee is responsible for making an annual assessment of the overall performance and effectiveness of the Board and each committee, the Chair of the Board, each committee chair and each director and reporting on such assessments to the Board. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement.

## **ETHICS AND CONFLICTS OF INTEREST**

1. The Board expects directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Business Conduct, which shall be reviewed at least annually by the Board. Although it is the Board's policy to not permit any waivers of any ethics policy, to the extent circumstances arise which necessitate such a waiver, the Company must disclose such waiver in accordance with applicable laws.
  
2. In addition to the statutory responsibilities of directors to disclose all actual or potential conflicts of interest and generally to refrain from voting on matters in which the director has a conflict of interest, the director shall recuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

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