

CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE CHARTER

Purpose

1. The Corporate Governance and Compensation Committee of the Board of Directors ("Board") of the Corporation will:
 - (a) develop the Corporation's system of and overall approach to corporate governance generally, monitor compliance with applicable corporate governance requirements, assess the Board's effectiveness in governance matters and make recommendations to the Board with respect to corporate governance of the Corporation as a whole, including without limitation:
 - (i) the stewardship role of the Board in respect of management of the Corporation;
 - (ii) Board size and composition;
 - (iii) director remuneration; and
 - (iv) such processes and procedures as may be reasonably necessary to allow the Board to function independently of management;
 - (b) generally review and make recommendations to the Board with respect to all direct, indirect and incentive compensation, benefits and perquisites (cash and non-cash) for the Chief Executive Officer(s) and for the members of Corporate Management (as defined in the Corporation's Corporate Constitution) other than the Chief Executive Officer(s);
 - (c) generally review and make recommendations to the Board with respect to all Board compensation;
 - (d) review and make recommendations to the Board regarding incentive compensation and equity based plans generally;
 - (e) administer those functions delegated to the Committee pursuant to the Corporation's Amended and Restated Stock Option Plan, as amended, or any successor or replacement plan (the "Option Plan");
 - (f) administer the Corporation's Pension Plan for Canadian Employees, as amended or any successor or replacement plan, and related funding for purposes of applicable Canadian pension legislation (the "Pension Plan"); and
 - (g) generally review and make recommendations to the Board with respect to succession planning for the Chief Executive Officer, for the members of Corporate Management other than the Chief Executive Officer(s) and for senior officers of the Corporation, as well as for senior officers of the Corporation's automotive systems corporations.

Organization and Composition

2. The Committee will be composed of not less than three (3) nor more than five (5) members, none of whom will be employees of the Corporation and a majority of whom will not be officers of the Corporation or its affiliates. The Board will annually appoint the members of the Committee and appoint a Chairman from amongst those appointed, to hold office until the next annual meeting of shareholders of the Corporation. The

members of the Committee will serve at the pleasure of the Board and vacancies occurring from time to time will be filled by the Board.

3. A majority of the members of the Committee will constitute a quorum and all actions of the Committee will be taken by a majority of the members present at the meeting.
4. The Chairman of the Committee shall generally provide leadership to enhance the effectiveness of the Committee and act as the liaison between the Committee and the Board as well as between the Committee and Corporate Management. The Chairman shall also manage the Committee's activities and meetings, manage any outside legal or other advisors retained by the Committee and manage the process of reporting to the Board on the Committee's activities and related recommendations.
5. Unless otherwise determined or approved by the Committee, the Secretary or an Assistant Secretary of the Corporation will act as the Secretary of the Committee. In the absence of the Secretary or an Assistant Secretary, the Committee shall select an individual to act as the Secretary of the Committee. The Secretary of the Committee will keep minutes of the Committee and such minutes will be retained in the corporate records of the Corporation.
6. The Secretary of the Committee will provide the Chairman and each member of the Committee, the Chief Executive Officer(s) and the Chief Financial Officer of the Corporation and, upon the invitation of the Committee any one or all of the other members of Corporate Management, with notice of each meeting of the Committee, all of whom will be entitled to attend each meeting. The Chairman of the Committee or the Committee may request that any officer or employee of the Corporation or its affiliates attend a Committee meeting.
7. The Committee will meet periodically as required in order to carry out its duties and responsibilities, but will meet at least annually to address the matters specified in subparagraphs 10(a), (c), (f), (k) and (l) and paragraph 11.
8. The Committee may retain such outside compensation, legal and other advisors at the expense of the Corporation as it deems reasonably necessary to assist and advise the Committee in carrying out the Committee's duties and responsibilities.
9. The Committee may from time to time delegate one or more of its duties and responsibilities under the Charter to the Chairman of the Committee, any other member of the Committee or any sub-committee of the Committee.

Duties and Responsibilities

10. The Committee will generally be responsible for:
 - (i) developing the Corporation's system of and overall approach to corporate governance as a whole, consistent with applicable law, rules and regulations of applicable regulatory authorities and the Corporation's needs;
 - (ii) making recommendations to the Board for implementation of such system; and
 - (iii) assessing the effectiveness of the Corporation's system of corporate governance.

In addition, the Committee will monitor the implementation and compliance with any rules, regulations or guidelines promulgated by regulatory authorities relating to corporate governance.

Specific responsibilities of the Committee include:

- (a) annually oversee the evaluation of management and monitor and assess the relationship between the Board and management, defining the limits to management's responsibilities and ensuring that the Board is able to function independently of management;
- (b) annually determine the independence of each director in accordance with applicable law, rules and regulations and, if advisable, develop and recommend to the Board definitive (categorical) independence guidelines for the Corporation's directors;
- (c) in conjunction with the Lead Director (if any), assess and oversee the evaluation of the effectiveness of the Board, both as a whole and, where appropriate, individually, and the committees of the Board, as well as recommend timely changes in the role, size, composition, competencies and skills and structure of the Board and of all Board committees;
- (d) assess the needs of the Board in terms of the frequency and location of Board and committee meetings, meeting agendas, discussion papers, reports and information and the conduct of meetings;
- (e) recommend to the Board from time to time rules and guidelines governing and regulating the affairs of the Board, such as orientation and education of new and existing members regarding the structure and operations of the Corporation, continuing education, tenure, retirement, compensation and indemnification of directors;
- (f) recommend to the Board at the first meeting of the Board following each Annual Meeting of the Shareholders of the Corporation, the allocation of Board members to each of the Board committees, including the Chair of the committees, and an independent director to fill the role of Lead Director. Where a vacancy occurs at any time in the membership of any Board committee, the Committee may, in conjunction with the Lead Director, consider and recommend to the Board a director to fill such vacancy;
- (g) if advisable, develop position descriptions for the Chairman of the Board, the Lead Director, the Chair of each committee of the Board and the Chief Executive Officer(s);
- (h) review the mandates or charters of the Board committees periodically and recommend to the Board such amendments as may be necessary or advisable to reflect the Corporation's system of and overall approach to corporate governance;
- (i) oversee the application of and compliance with the Corporation's Corporate Constitution;
- (j) recommend to the Board a set of corporate governance principles applicable to the Corporation and make recommendations to the Board, on an ongoing basis, concerning corporate governance in general and regarding the Board's stewardship role in the management of the Corporation, including the roles and responsibilities of directors and the recommendation of appropriate policies and procedures to ensure that directors carry out their duties with due care and in compliance with all legal requirements;
- (k) annually develop, review and report on corporate governance guidelines or requirements applicable to the Corporation, consistent with the applicable requirements of the New York Stock Exchange, the Ontario Securities Commission, the U.S. Securities and Exchange Commission and any other applicable regulatory authority;

- (l) develop, review and recommend to the Board strategic corporate policies such as corporate disclosure policies, insider trading policies, confidentiality policies, code(s) of conduct and other relevant policies associated with ensuring an effective system of corporate governance. In this regard, the Committee will review with counsel the Corporation's compliance with applicable laws and regulations and inquiries received from regulators and governmental agencies;
 - (m) recommend to the Board the form and content of a Code of Conduct and Ethics, monitor its implementation, operation and effectiveness, periodically review and recommend to the Board changes to such Code, authorize any waiver of compliance of such Code and oversee the investigation of any alleged breach thereof; and
 - (n) undertake on behalf of the Board such other corporate governance initiatives as may be necessary or desirable to enable the Board to contribute to the advancement of the Corporation and to enhance shareholder value.
11. The Committee, in reviewing and making recommendations to the Board relating to executive compensation, will consider and apply, among other things, the historical operating philosophies and policies of the Corporation, including the Corporate Constitution, direct profit participation (incentive bonuses), mandatory stock ownership, use of stock options and other stock rights granted under the Option Plan and other forms of equity-based compensation, in order to align the interests of management and shareholders and to create shareholder value, together with the Corporation's performance and shareholder return.

With respect to compensation, the Committee will:

- (a) if available, review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation;
- (b) evaluate the Chief Executive Officer's performance, including in respect of any established goals and objectives, and review and make recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites (cash and non-cash) for the Chief Executive Officer(s) based on such evaluation;
- (c) generally review and make recommendations to the Board with respect to compensation, benefits and perquisites for the members of Corporate Management (as defined in the Corporation's Corporate Constitution) other than the Chief Executive Officer(s);
- (d) generally review and make recommendations to the Board with respect to incentive compensation and equity based plans;
- (e) review and make recommendations to the Board with respect to all Board compensation;
- (f) be directly responsible for retaining, terminating and overseeing the work of any compensation consultant or advisor retained in connection with the compensation of the Corporation's officers and directors, including the sole authority to approve such consultant's fees and terms of engagement;
- (g) review and make recommendations to the Board with respect to the Corporation's policies regarding management benefits and perquisites;
- (h) review and approve the disclosure relating to the compensation of directors and officers of the Corporation contained in the Corporation's management

information circular/proxy statement or other documents prior to their filing with regulatory authorities and/or distribution to the shareholders of the Corporation;

- (i) prepare the Report of the Compensation Committee or other form of compensation analysis contained in the Corporation's management information circular/proxy statement or other documents, to the extent required by applicable law; and
 - (j) perform such other functions in respect of the Corporation as may be requested or delegated by the Board from time to time.
12. The Committee will have all of the powers and discretion delegated to it by the Board under any equity based plans and under the Option Plan, or any successor plan thereof which specifically designates powers and discretion to the Committee, as well as the power to administer the Option Plan, including, where consistent with the general purpose and intent of the Option Plan and subject to the specific provisions of the Option Plan, the power to:
- (a) interpret the provisions of the Option Plan and to determine all questions arising out of the Option Plan and any stock options, stock appreciation rights ("SARs"), stock awards or performance shares granted pursuant to the Option Plan, and any such interpretation or determination made by the Committee shall, absent manifest error, be final and conclusive for all purposes;
 - (b) make rules and regulations and formulate administrative provisions for the implementation of the Option Plan;
 - (c) select which eligible employees, officers, consultants, independent contractors and agents of the Corporation are granted stock options, SARs, restricted stock or other stock awards, performance shares or restricted or deferred stock units, and to grant the same;
 - (d) determine the number of shares covered by each stock option, SAR, stock award or performance share;
 - (e) determine the exercise price of each stock option or SAR;
 - (f) determine the time or times when stock options, SARs, restricted stock or other forms of stock awards, performance shares or restricted or deferred stock units will be granted and exercisable and the conditions applicable thereto;
 - (g) determine if the shares that are subject to an option under the Option Plan will be subject to any restrictions upon the exercise of such option;
 - (h) review and approve or otherwise prescribe the terms, conditions, restrictions and/or form of the instruments (including stock option agreements) relating to the grant, exercise and other terms of stock options, SARs, stock awards, performance shares or restricted or deferred stock units; and
 - (i) perform such other functions in respect of the Option Plan as requested or delegated by the Board from time to time.
13. The Committee will be the administrator of the Pension Plan and related funding for purposes of applicable Canadian pension legislation.
- In addition, the Committee:
- (a) will have the same powers as the Board as to the amendment and termination of the Pension Plan, in whole or in part;

- (b) may further delegate such pension responsibilities to a Canadian pension committee comprised of three (3) or more employees of the Corporation or its subsidiaries (the "Canadian Pension Committee") as it sees fit; and
 - (c) will appoint and affirm the members of the Canadian Pension Committee from time to time.
14. The Committee will generally be responsible for succession planning for key positions within the Corporation and its affiliates, including:
- (a) the Chief Executive Officer(s);
 - (b) members of Corporate Management (other than the Chief Executive Officer(s));
 - (c) senior officers of the Corporation; and
 - (d) senior officers at each of the Corporation's automotive systems corporations, including the President, Chief Financial Officer and sub-group operating heads.

In doing so, the Committee will review Corporate Management's succession plans as needed and make recommendations to the Board where advisable, taking into consideration the management and operational needs of the Corporation and its operating philosophy.