

## CHARTER OF EXPECTATIONS FOR THE BOARD OF DIRECTORS

### 1.0 INTRODUCTION

- 1.1 The Board has all power to manage the business and affairs of ABCRC except as limited or restricted by the Act, the Unanimous Shareholder Agreement, or the By-laws.
- 1.2 The Shareholders have adopted this Charter of Expectations which sets out the specific responsibilities to be discharged by the Board. A purpose of the Charter of Expectations is to assist the Board in annually assessing its performance.
- 1.3 Although Directors may be appointed by the Shareholders in accordance with the Unanimous Shareholder Agreement, they are not chosen to represent a particular constituency. The best interests of ABCRC must be paramount when acting as a Director. The Board will govern with the following principles of ABCRC in mind:
  - 1.3.1 ensure high standards of transparency and accountability
  - 1.3.2 minimize the cost of beverage container recycling;
  - 1.3.3 promote and encourage beverage container recovery;
  - 1.3.4 ensure each container type (material/size) is self-funding;
  - 1.3.5 strive for continuous improvement in operations;
  - 1.3.6 maintain a safe and healthy environment for employees; and
  - 1.3.7 provide a culture of honesty and integrity.
- 1.4 The Board links governance and management functions through the President. While the Board is called upon to "manage" the business and affairs by the Act, this is done by proxy through the President who is charged with the leadership and management of ABCRC. The prime responsibility of the President is to lead ABCRC. The President formulates strategies and plans and presents them to the Board for approval. The Board approves the goals of ABCRC, the objectives and policies within which it is managed, and then steps back and evaluates management performance. Reciprocally, the President keeps the Board fully informed of ABCRC's progress towards the achievement of its goals and of all material deviations from the goals or objectives and policies established by the Board in a timely and candid manner.

1.5 The involvement and commitment of Directors is evidenced by regular Board and committee attendance, preparation, and active participation in setting goals and evaluating performance.

1.6 The Board will deliberate in many voices but govern in one.

## **2.0 DEFINITIONS**

In this Charter of Expectations the following terms have the meaning ascribed to them:

2.1 "ABCRC" means Alberta Beverage Container Recycling Corporation.

2.2 "Act" means the *Business Corporations Act* (Alberta).

2.3 "Articles" means the articles of amalgamation of ABCRC filed with the Registrar of Corporations (Alberta) on February 1, 1996, as may be amended from time to time.

2.4 "Board" means the board of directors of ABCRC.

2.5 "Directors" means members of the Board.

2.6 "President" means the person appointed by the Board to serve as the most senior operating officer of ABCRC.

2.7 "Shareholders" means the beneficial holders of all of the issued and outstanding shares in the capital of ABCRC.

2.8 "Unanimous Shareholder Agreement" means the agreement dated June 22, 2009 among ABCRC and all of its shareholders, as may be amended from time to time.

## **3.0 INTERPRETATION**

In the Charter of Expectations, except if defined in Section 2.0 or the context does not permit:

3.1 words and expressions defined in the Act have the meaning given to them in the Act;

3.2 words importing the singular include the plural and vice versa; and

3.3 words importing gender include masculine, feminine and neuter genders.

## **4.0 RESPONSIBILITIES**

In order to manage the business and affairs of ABCRC within the parameters and restrictions established by the Act and the Unanimous Shareholder Agreement, the Board has the following responsibilities:

- 4.1 **direct and supervise strategic management,**
- 4.1.1 provide input to management on emerging trends and issues,
- 4.1.2 review and approve management's strategic plan,
- 4.1.3 review and approve ABCRC's objectives, plans and actions, including significant capital allocations and expenditures,
- 4.1.4 ensure that management provides all operating and capital budgets,
- 4.1.5 approve all reallocations among programs for operating and capital budgets subject to any guidelines or limitations imposed by the Shareholders,
- 4.1.6 approve the terms of reference of the Chairman and the President;
- 4.2 **appoint and oversee the President and other officers,**
- 4.2.1 monitor, evaluate and, if necessary, replace the President and other officers,
- 4.2.2 set terms of reference and terms of employment of the President,
- 4.2.3 provide advice and counsel to the President in the execution of the President's duties,
- 4.2.4 approve major organizational changes,
- 4.2.5 ensure executive succession and ensure training and development programs for management are in place,
- 4.2.6 approve the executive compensation to be paid and benefit plans, if any, to be established for the officers of ABCRC but in respect only to their services as officers;
- 4.3 **represent the Shareholders and maintain Shareholders relations,**
- 4.3.1 report to the Shareholders as legally required,
- 4.3.2 ensure ABCRC has in place effective communication processes with the Shareholders and other stakeholders,
- 4.3.3 reflect concerns of the Shareholders to management,
- 4.3.4 ensure that the financial performance of ABCRC is properly reported to the Shareholders and other stakeholders on a timely and regular basis,
- 4.3.5 ensure the financial results are reported fairly and in accordance with generally accepted accounting principles,
- 4.3.6 ensure the timely reporting of any other developments that have a significant and material impact on ABCRC,

- 4.3.7 report to the Shareholders at the meetings of the Shareholders, and otherwise as the Shareholders may request, on future goals and objectives of ABCRC,
- 4.3.8 recommend to the Shareholders for their approval all necessary or desirable alterations or additions to the Articles and the Unanimous Shareholder Agreement to enable and better facilitate the efficient management of ABCRC and the pursuit of its objectives,
- 4.3.9 meet regularly with and **receive** the reports of the auditor;
- 4.4 **protect and enhance ABCRC's assets,**
- 4.4.1 monitor ABCRC's performance against the strategic, operating and capital plans, including assessing operating results to evaluate whether the business is being properly managed,
- 4.4.2 ensure management identifies the principle risks of ABCRC's business and ensure appropriate systems are in place to manage the risks,
- 4.4.3 receive, at least annually, reports from management on matters relating to, among others, ethical conduct, employee health and safety and human rights,
- 4.4.4 take reasonable steps to ensure the implementation and integrity of management's internal control and management information systems,
- 4.4.5 approve the commencement or settlement of litigation that may have a material impact on ABCRC;
- 4.5 **fulfill fiduciary and legal requirements,**
- 4.5.1 direct management to adhere to all applicable laws and regulations, the Articles and the Unanimous Shareholder Agreement, and Bylaws,
- 4.5.2 adhere to high ethical and moral standards,
- 4.5.3 ensure all necessary minutes, records, contracts and documents have been properly prepared, approved, maintained and, where applicable, filed,
- 4.5.4 approve and monitor compliance with all significant policies by which ABCRC is operated,
- 4.5.5 review significant new policies or material amendments to existing policies;
- 4.6 **manage the affairs of the Board,**
- 4.6.1 appoint committees of the Board to provide more detailed review of important areas of responsibility and establish and periodically review their terms of reference,
- 4.6.2 delegate responsibilities to management,

- 4.6.3 delegate to committees of the Board or any one or more officers, special powers with respect to the execution of instruments and the use of the corporate seal,
- 4.6.4 develop and implement a process to evaluate the performance of the Board, committees and Directors in fulfilling their responsibilities,
- 4.6.5 assess and monitor the process for new Director orientation and ongoing Director development,
- 4.6.6 appoint, reappoint or remove all officers of ABCRC for one or more terms,
- 4.6.7 implement effective governance processes to fulfill its responsibility for oversight and control,
- 4.6.8 perform such other functions as prescribed by law or assigned to the Board in the Articles or by the Shareholders.

## **5.0 BOARD MEETINGS**

- 5.1 The Board, not the staff, has control over the agenda for the Board's meetings. The Chairman of the Board will exercise this control on behalf of the Board, though any Director, with a majority agreeing, may add or delete business from the agenda. Normally, material related to the agenda will be given to the Directors with adequate lead time for preparation.
- 5.2 Only those issues which are within the Board's responsibilities will consume the Board's time.