

## **TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE**

### **1.0 General Principles**

Each Committee member will make decisions so as to:

- 1.1 ensure high standards of transparency and accountability;
- 1.2 promote and encourage beverage container recovery;
- 1.3 ensure each container type (material/size) is self-funding;
- 1.4 strive for continuous improvement in operations;
- 1.5 maintain a safe and healthy environment for employees; and
- 1.6 provide a culture of honesty and integrity.

### **2.0 Definitions**

In these Terms of Reference 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 "Board" means the board of directors of ABCRC.
- 2.4 "Committee" means the Governance Committee.
- 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 Terms of Reference for the Committee, 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 Committee**

A committee to be known as the "Governance Committee" is established.

### **5.0 Composition of Governance Committee**

The Committee shall consist of not less than three and not more than five people, all of whom are resident Canadians (as defined in the Act). The majority of the Committee must be Directors but non-Directors are allowed.

### **6.0 Appointment of Committee Members**

Members of the Committee shall be appointed at the meeting of the Directors immediately following the annual meeting of Shareholders, and shall hold office until the next annual meeting, or until their successors are appointed.

### **7.0 Vacancies**

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than three people.

### **8.0 Committee Chair**

The Board shall appoint a Director to serve as Chair for the Committee.

### **9.0 Absence of Committee Chair**

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

### **10.0 Secretary of the Committee**

The Committee shall appoint a secretary.

## **11.0**      **Meetings**

The Chair of the Committee or any two members of the Committee may call a meeting of the Committee. The Committee shall meet at its discretion but at least semi-annually.

## **12.0**      **Quorum**

A majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

## **13.0**      **Notice of Meetings**

Notice of the time and place of every meeting shall be given in writing or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **14.0**      **Attendance of ABCRC Officers at Meetings**

At the invitation of the Chair of the Committee, one or more officers of ABCRC may attend any meeting of the Committee.

## **15.0**      **Procedure, Records and Reporting**

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

## **16.0**      **Review of Terms of Reference**

The Committee shall review its terms of reference annually or otherwise as it deems appropriate and propose or recommend changes to the Board.


## **17.0**      **General Mandate**

The Committee's mandate is to enhance ABCRC's corporate governance through a continuing assessment of ABCRC's approach to corporate governance, to make recommendations for appointments to the Board and committees, to make recommendations for executive compensation and human relations issues and to make policy recommendations with respect thereto.

## **18.0**      **Specific Mandates**

The Committee shall, in consultation with the Chairman and the President:

- 18.1 review from time to time the size, composition and profile of the Board;
- 18.2 review and report to the Board annually its assessment of the performance of the Board, and the basis of that evaluation;
- 18.3 review annually the performance of individual Directors and the qualifications of persons proposed for election to the Board at the annual meeting of Shareholders, or to be appointed to fill any vacancies, and submit the Committee recommendations for Board consideration;
- 18.4 review from time to time the retirement age of the Directors;
- 18.5 review and recommend to the Board candidates for the office of Chairman of the Board;
- 18.6 review and make recommendations to the Board relative to the composition of the Board and make recommendations for the appointment of Directors, subject to the Unanimous Shareholder Agreement;
- 18.7 make recommendations relative to the composition of the various committees of the Board;
- 18.8 develop the policies and procedures of the Board regarding corporate governance issues;
- 18.9 on an annual basis, recommend and bring forward to the Board a general list of corporate governance issues for review, discussion or action by the Board or a committee thereof;
- 18.10 review ABCRC's structures and procedures to ensure that the Board is able to and in fact is, functioning independently of management;
- 18.11 assess the effectiveness of the Board as a whole and recommend steps which may be taken to improve effectiveness;
- 18.12 assess the availability, relevance and timeliness of information required by the Board;
- 18.13 monitor the quality of the relationship between management and the Board and recommend improvements as deemed necessary or desirable;
- 18.14 monitor the succession plans relating to positions held by management and officers;
- 18.15 ensure that any issues of corporate governance identified by any Directors are raised to management;
- 18.16 review any surveys completed by Directors dealing with the effectiveness of the operation of the Board;

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- 18.17 annually review executive compensation and make recommendations to the Board concerning executive compensation;
  - 18.18 annually review and approve the appropriateness of ABCRC's human relations policies and labor relations practices; and
  - 18.19 undertake such other initiatives as are needed to help deliver preeminent corporate governance.