

TERMS OF REFERENCE FOR AN INDIVIDUAL DIRECTOR

1.0 INTRODUCTION

1.1 The Terms of Reference for an Individual Director outlines the personal and professional characteristics required of all Directors. The Terms of Reference are used as the basis for the evaluation of individual Director performance and also serves as a model for establishing the general attributes and expectations in screening and selecting Board nominees within the limitations of the Unanimous Shareholder Agreement. The Board will ask the Shareholders to take into account the Terms of Reference when appointing Directors under the Unanimous Shareholder Agreement.

1.2 Broadly speaking, a Director has three fundamental elements to keep in mind:

1.2.1 **Honesty and Good Faith**

The Act requires a Director to act honestly and in good faith with a view to the best interests of ABCRC. The key elements of this standard of behaviour are:

1.2.1.1 A Director must act in the best interests of ABCRC and not in his or her self-interest. This also means a Director should not be acting in the best interests of some special interest group or constituency or in his/her own self-interest.

1.2.1.2 A Director cannot take advantage personally of opportunities that come before him/her in the course of performing his/her corporate duties.

1.2.1.3 A Director must disclose to the Board any personal interests that he/she holds that may conflict with the interests of ABCRC.

1.2.1.4 The Directors must respect ABCRC's confidentiality requirements.

1.2.2 **Skillful Management**

The Act requires that a Director will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. This means:

1.2.2.1 The standard of behavior expected of a Director will depend upon the particular qualities or characteristics that the Director brings to ABCRC in relation to the particular matters under consideration.

- 1.2.2.2 The Director must be proactive in the performance of his duties by:
 - 1.2.2.2.1 attending meetings;
 - 1.2.2.2.2 participating in a meaningful way; and
 - 1.2.2.2.3 being vigilant to ensure ABCRC is being properly managed and is complying with the law.

1.2.3 **General Principles**

Each Director will make decisions so as to

- 1.2.3.1 ensure high standards of transparency and accountability;
- 1.2.3.2 minimize the cost of beverage container recycling;
- 1.2.3.3 promote and encourage beverage container recovery;
- 1.2.3.4 ensure each container type (material/size) is self-funding;
- 1.2.3.5 strive for continuous improvement in operations;
- 1.2.3.6 maintain a safe and healthy environment for employees; and
- 1.2.3.7 provide a culture of honesty and integrity.

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 "Board" means the board of directors of ABCRC.
- 2.4 "Chairman" means the chairman of the Board as appointed from time to time.
- 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 an Individual Director, 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 STANDARD OF BEHAVIOUR ESTABLISHED BY THE BOARD

To execute the Board responsibilities, Directors must possess certain characteristics and traits. The Board has established the following standards for ABCRC Directors.

4.1 Board of Directors Activity

As a member of the Board, each Director will:

- 4.1.1 demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on – and remain accountable for – their boardroom decisions. The Board will deliberate in many voices but govern in one.
- 4.1.2 provide wise, thoughtful counsel on a broad range of issues and develop the depth of knowledge to understand and question the assumptions upon which the strategic and business plans are based, and to form an independent judgment as to the probability that such plans can be achieved;
- 4.1.3 possess or acquire financial literacy, know how to read financial statements, and understand the use of financial ratios and other indices for evaluating ABCRC's performance;
- 4.1.4 respect confidentiality;
- 4.1.5 be available as a resource to management and the Board;
- 4.1.6 advise the President or the Chairman in advance of introducing significant and previously unknown information at a Board meeting;
- 4.1.7 as necessary and appropriate, communicate with the Chairman and with the President between meetings;
- 4.1.8 demonstrate a willingness and availability for individual consultation and engage in such consultation with the Chairman or the President; and
- 4.1.9 be a positive force, using abilities and influence constructively.

4.2 **Preparation and Attendance**

To enhance the effectiveness of Board and committee meetings, each Director will:

- 4.2.1 prepare for each Board and committee meeting by reading the reports and background materials provided for the meeting;
- 4.2.2 maintain an excellent Board and committee meeting attendance record; and
- 4.2.3 request information necessary for decision making.

4.3 **Communication**

Directors who value Board and team performance over individual performance, and who possess respect for others, facilitate superior Board performance. Communication is fundamental to Board effectiveness and therefore each Director will:

- 4.3.1 participate fully and frankly in the deliberations and discussions of the Board;
- 4.3.2 demonstrate an openness to others' opinions and the willingness to listen; and appreciate that this quality ranks as highly as the ability to communicate persuasively;
- 4.3.3 approach others assertively, responsibly and supportively, and be willing to raise tough questions in a manner that encourages open discussion;
- 4.3.4 establish an effective, independent and respected presence and a collegial relationship with other Directors;
- 4.3.5 focus inquiries on issues related to strategy, policy, and results rather than issues relating to the day-to-day management of ABCRC; and
- 4.3.6 respect the fact that the President, and in some instances the Chairman, is the chief spokesperson for ABCRC and individual Directors are only involved in external communications at the request of, and/or with the approval of, and in coordination with, the President or the Chairman.

4.4 **Independence**

Independence is a critical quality of an effective Director. Each Director will:

- 4.4.1 think, speak and act independently with confidence and courage;
- 4.4.2 be critical and responsive to change and new thinking;
- 4.4.3 resist behaving independently merely for the sake of being a revolutionary character; being objective when considering tradeoffs and consequences; and

4.4.4 be willing to risk rapport with the Chairman and other Directors and/or the President in taking a reasoned, independent position.

4.5 **Committee Work**

In order to assist Board committees in being effective and productive, each Director will:

4.5.1 participate on committees and become knowledgeable about the purpose and goals of each committee; and

4.5.2 understand the process of committee work, and the role of management and staff supporting the committee.

4.6 **Industry and Corporate Knowledge**

Recognizing that decisions can only be made by well-informed Directors, each Director will:

4.6.1 become generally knowledgeable of the business of ABCRC;

4.6.2 participate in Director orientation and development programs developed by ABCRC from time to time;

4.6.3 maintain a current understanding of the legislative, business, social and political environments within which ABCRC operates;

4.6.4 become acquainted with the senior managers of ABCRC.