

CHARTER OF EXPECTATIONS FOR THE BOARD OF DIRECTORS

1.0 INTRODUCTION

- 1.1 The Board has the power to manage the business and affairs of ABCRC except as restricted by the Act, the Unanimous Shareholder Agreement and the Bylaws.
- 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 this Charter of Expectations is to assist the Board in annually assessing its performance.
- 1.3 Although Directors may be nominated by the Shareholders in accordance with the Unanimous Shareholder Agreement, they are not chosen to represent a particular constituency. Directors must discharge their duties as members of the Board in the best interests of ABCRC without regard to any special interest or constituency or their own self-interest.
- 1.4 The Board will govern with the following principles of ABCRC in mind:
- 1.4.1 ensure transparency and accountability;
 - 1.4.2 minimize the cost operating the Common Collection System;
 - 1.4.3 promote and encourage effective stewardship of the Common Collection System;
 - 1.4.4 strive for continuous improvement in operations;
 - 1.4.5 maintain a safe and healthy environment for employees;
 - 1.4.6 provide a culture of honesty and integrity; and
 - 1.4.7 ensure each container type (material/size) is self-funding.
- 1.5 The Board links governance and management functions through the President. While the Board is called upon to manage the business and affairs of ABCRC, 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 strategies and plans of ABCRC, the objectives and policies within which it is managed and evaluates management performance. Reciprocally, the President ensures the Board has access to reports and other information that allow the Board to be reasonably assured of ABCRC's performance and progress made to achieve its strategic goals and objectives.
- 1.6 The involvement and commitment of Directors is evidenced by regular attendance, preparation and active participation in meetings of the Board and committees established by the Board from time to time.
- 1.7 The Board will deliberate in many voices but govern with one voice.

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 amended from time to time.
- 2.4 “Board” means the board of directors of ABCRC.
- 2.5 “Board Chair” means the board chair of ABCRC appointed by the Board.
- 2.6 “Bylaws” means the bylaws of ABCRC.
- 2.7 “Common Collection System” means the Alberta collection system that collects and processes all non-refillable beverage containers.
- 2.8 “Directors” mean members of the Board.
- 2.9 “President” means the person appointed by the Board to serve as the most senior operating officer of ABCRC.
- 2.10 “Shareholders” mean the beneficial holders of all of the issued and outstanding shares in the capital of ABCRC.
- 2.11 “Unanimous Shareholder Agreement” means the agreement dated April 21, 2011 among ABCRC and the Shareholders, as amended from time to time.

3.0 INTERPRETATION

In this 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, the Unanimous Shareholder Agreement and the Bylaws, the Board is expected to:

4.1 direct and supervise strategic management by:

4.1.1 providing input to management on emerging trends and issues;

4.1.2 reviewing and approving management's strategic plan;

4.1.3 reviewing and approving ABCRC's objectives, plans and actions, including capital plans;

4.1.4 approving all operating and capital budgets; and

4.1.5 approving all reallocations among capital budgets subject to any guidelines or limitations imposed by the Shareholders;

4.2 appoint and oversee the President by:

4.2.1 monitoring, evaluating and, if necessary, replacing the President;

4.2.2 establishing and periodically reviewing the Terms of Reference of the President;

4.2.3 providing advice and counsel to the President in the execution of the President's duties;

4.2.4 approving major organizational changes;

4.2.5 ensuring succession plans and training and development programs for the President are in place; and

4.2.6 approving compensation to be paid and benefit plans, if any, to be established for the President;

4.3 represent the Shareholders and maintain Shareholder relations by:

4.3.1 reporting to the Shareholders as legally required;

4.3.2 ensuring ABCRC has in place transparent and accountable communication processes with the Shareholders, particularly when reporting the financial performance of ABCRC and any other developments that have a significant and material impact on ABCRC;

4.3.3 reflecting concerns of the Shareholders to management;

4.3.4 ensuring the financial results are reported fairly and in accordance with generally accepted accounting principles for Canadian private enterprises;

- 4.3.5 ensuring financial statements and disclosures are complete and accurate and prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO) and applicable rules and regulations;
- 4.3.6 reporting to the Shareholders, as requested from time to time, on ABCRC's progress toward achieving its future goals and objectives;
- 4.3.7 recommending to the Shareholders for their approval all necessary or desirable alterations or additions to the Articles, the Bylaws and the Unanimous Shareholder Agreement to enable and better facilitate the efficient management of ABCRC and the pursuit of its goals and objectives; and
- 4.3.8 receiving and approving the reports of the auditor; and, presenting them to the Shareholders;
- 4.4 **maintain stakeholder relations by:**
 - 4.4.1 reporting to stakeholders as legally required;
 - 4.4.2 ensuring ABCRC has transparent and accountable communication processes;
 - 4.4.3 addressing and responding to the concerns of stakeholders with management; and
 - 4.4.4 supporting management in its efforts to work collaboratively with ABCRC's stakeholders to improve the Common Collection System;
- 4.5 **protect and enhance ABCRC's assets by:**
 - 4.5.1 monitoring ABCRC's performance against the strategic, operating and capital plans, including assessing operating results to evaluate whether the business is being properly managed;
 - 4.5.2 receiving reports from management that identify the principle risks of ABCRC's business and ensure appropriate systems are in place to manage those risks;
 - 4.5.3 receiving, at least annually, reports from management on matters relating to, among others, ethical conduct, employee health and safety and human rights;
 - 4.5.4 taking reasonable steps to ensure the implementation and integrity of management's internal controls, management information systems and the privacy policy; and
 - 4.5.5 approving the commencement or settlement of any litigation that may have a material impact on ABCRC;
- 4.6 **fulfill fiduciary and legal requirements by:**
 - 4.6.1 directing management to adhere to and report in a timely manner on any risk of non-compliance with all applicable laws and regulations, the Act, the Articles, the Bylaws, the Unanimous Shareholder Agreement and all of ABCRC's contractual obligations;

- 4.6.2 maintaining high ethical and moral standards and complying with ABCRC's Code of Conduct and Ethics;
- 4.6.3 ensuring all necessary minutes, records, contracts and documents have been properly prepared, approved, maintained and, where applicable, filed;
- 4.6.4 reviewing and approving policies or material amendments to policies; and
- 4.6.5 monitoring compliance with all significant policies by which ABCRC is operated;
- 4.7 **manage the affairs of the Board by:**
 - 4.7.1 implementing effective governance processes to fulfill its responsibility for oversight and control, risk management, strategic planning and generative thinking;
 - 4.7.2 establishing committees from time to time to conduct a detailed review of important areas of responsibility;
 - 4.7.3 delegating responsibilities to management;
 - 4.7.4 delegating to its committees or the President special powers with respect to the execution of instruments and the use of the corporate seal;
 - 4.7.5 developing and implementing an annual process to evaluate the performance of the Board, the Board Chair, its committees, their respective committee chairs and individual Directors in the fulfillment of their responsibilities;
 - 4.7.6 assessing and monitoring the process for new Director orientation and ongoing Director education and development;
 - 4.7.7 establishing and periodically reviewing the terms of reference for the Board Chair, individual Directors, the Board's committees and committee members; and
 - 4.7.8 performing such other functions as prescribed by law or assigned to the Board in the Articles, the Bylaws, the Unanimous Shareholders Agreement or by the Shareholders.

5.0 BOARD MEETINGS

- 5.1 The Board and each committee will have control over the agenda for the Board and that committee's meetings. The Board Chair and the committee chairs will exercise this control on behalf of the Board and the committees, respectively. In the normal course, the Board Chair and the President work together to prepare agendas for Board meetings and the committee chair and the most senior representative from management providing support to a Board committee work together to prepare agendas for committee meetings. Any Director, with a majority agreeing, may add or delete business from any agenda.
- 5.2 Normally, material related to the agenda will be given to the Directors with adequate lead time for preparation.

- 5.3 Only those issues which are within the Board's responsibilities will consume the Board's time.