

# TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

## 1.0 GENERAL PRINCIPLES

Each Committee member will make decisions so as to:

- 1.1 ensure excellent transparency and accountability;
- 1.2 minimize the cost of operating the system;
- 1.3 promote and encourage effective environmental stewardship of beverage containers;
- 1.4 strive for continuous improvement in operations;
- 1.5 maintain a safe and healthy environment for employees;
- 1.6 provide a culture of honesty and integrity; and
- 1.7 ensure each container type (material/size) is self-funding.

## 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 "Board Chair" means the chairman of the Board.
- 2.5 "Committee" means the Governance Committee.
- 2.6 "Committee Chair" means the chair of the Governance Committee.
- 2.7 "Directors" means members of the Board.
- 2.8 "President" means the person appointed by the Board to serve as the most senior operating officer of ABCRC.
- 2.9 "Shareholders" means the beneficial holders of all of the issued and outstanding shares in the capital of ABCRC.
- 2.10 "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 seven 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, having regard to the recommendation of the Committee, 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, having regard to the recommendation of the Committee, and shall be filled by the Board if the membership of the Committee is less than three people.

#### **8.0 COMMITTEE CHAIR**

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

#### **9.0 ABSENCE OF COMMITTEE CHAIR**

If the Committee Chair is not present at any meeting of the Committee, the President or 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 recording secretary.

#### **11.0 MEETINGS**

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

#### **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 and shall be sent by courier, personal delivery or other electronic means 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). The Board shall receive the minutes of Committee meetings and the Committee Chair shall present an oral report to the next meeting of the Board.

**16.0 REVIEW OF TERMS OF REFERENCE**

The Committee shall review its terms of reference at least 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 there to.

**18.0 SPECIFIC MANDATES**

The Committee shall, in consultation with the Board Chair and the President:

- 18.1 review from time to time the size and profile of the Board;
- 18.2 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;
- 18.3 review and report to the Board annually its assessment of the Directors skills matrix to enable the Board Chair to inform the Shareholders;
- 18.4 review and report to the Board annually its assessment of the performance of the Board, and Committees the basis of that evaluation, and make recommendations;
- 18.5 review annually the performance of individual Directors;

- 18.6 review 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 Chair consideration;
- 18.7 review from time to time the retirement age of the Directors;
- 18.8 review and recommend to the Board candidates for the office of Board Chair;
- 18.9 make recommendations to the Board relative to the composition of the various committees of the Board;
- 18.10 develop the policies and procedures of the Board regarding corporate governance issues;
- 18.11 on an ongoing basis, as they are identified, 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;
- 18.12 review ABCRC's structures and procedures to ensure that the Board is able to and in fact is, functioning independently of management;
- 18.13 assess the availability, relevance and timeliness of information to be provided to the Board;
- 18.14 monitor the quality of the relationship between management and the Board and recommend improvements as deemed necessary or desirable;
- 18.15 monitor the succession plans relating to positions held by management and officers;
- 18.16 ensure that any issues of corporate governance identified by any Director are raised to management;
- 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;
- 18.19 review and recommend to the Board for approval policy changes and program initiatives deemed advisable by management or the Committee with respect to the Code of Conduct and Ethics;
- 18.20 review and report to the Board on the status and adequacy of ABCRC's efforts to ensure its operations are conducted and its facilities are operated in an ethical legally compliant and socially responsible manner, in accordance with the Code of Conduct and Ethics;
- 18.21 annually review the terms of reference of the Board's Committees, and with input from the Chairs of the other board committees recommend to the Board any improvements to the terms of reference for each Committee;
- 18.22 annually review the Charter of Expectations for the Board of Directors, the Code of Conduct & Ethics, the Governance Guidelines as well as the terms of reference for both the Chairman and the President and recommend any improvements to the Board;

- 18.23 ensure that management updates the Board web pages so that they continue to be current;
- 18.24 ensure that the Board receives, at least annually, reports from management on matters relating to, among other things, ethical conduct, employee health and safety and human rights; and
- 18.25 undertake such other initiatives as are needed to help deliver preeminent corporate governance.

**19.0 DUTIES OF THE CHAIR OF THE COMMITTEE**

Generally, the Committee Chair shall assure the integrity of the Committee process including effectiveness of meetings and the Committee's adherence to its Terms of Reference. Specifically, the Committee Chair shall:

- 19.1 set or approve the agenda of all meetings of the Committee called by the Chair of the Committee;
- 19.2 except as otherwise provided in the Terms of Reference, call all meetings of the Committee;
- 19.3 establish the rules of procedure and rules of order to be followed at meetings of the Committee;
- 19.4 confer with the President regarding all items of business which the President wishes to bring before the Committee;
- 19.5 take reasonable measures to ensure that all Committee members are active and contributing;
- 19.6 together with the President advise the Committee of the business and affairs of ABCRC; and
- 19.7 ensure appropriate communication among the Committee members.