

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

1.0 GENERAL PRINCIPLES

Each Committee member will make decisions so as to:

- 1.1 ensure transparency and accountability;
- 1.2 minimize the cost operating the Common Collection System;
- 1.3 promote and encourage effective stewardship of the Common Collection System;
- 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 board chair of ABCRC appointed by the Board.
- 2.5 “Committee” means the Governance Committee.
- 2.6 “Committee Chair” means the chair of the Committee appointed by the Board Chair.
- 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 these Terms of Reference, 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 THE 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-director members are allowed. The Board Chair shall be an ex-officio member of the Committee, with full voting rights.

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 the 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. Notwithstanding the Board Chair's status as an ex-officio member of the Committee, the Board Chair shall only be included when determining whether a quorum has been constituted if the Board Chair is present at that meeting. If the Board Chair is not present, a quorum shall be constituted based on the number of remaining members of the Committee.

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 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 AT MEETINGS

14.1 All Committee members, including the applicable Directors, should strive for 100% attendance at Committee meetings while recognizing that from time to time there may be compelling reasons for a person to miss a meeting. While attendance in person at Committee meetings is preferred, particularly for individuals residing in Calgary, Alberta, participation via telephone or other telecommunication device is acceptable.

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

15.0 PROCEDURE, RECORDS AND REPORTING

15.1 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 meeting of the Board next following each applicable Committee meeting). The Board shall receive the minutes of Committee meetings as consent agenda items, as the Board deems appropriate, at each meeting of the Board and the Committee Chair shall address any recommended

motions for the Board, any items excluded or removed from the consent agenda and any other questions raised by Directors at each meeting of the Board.

15.2 A portion of each Committee meeting will be held in-camera and, where appropriate, minutes kept of the in-camera session.

16.0 VOTING RIGHTS

Questions arising at a Committee meeting shall be decided by a simple majority of the votes cast, excluding abstentions, and in the case of an equality of votes, no member shall be entitled to a casting vote.

17.0 REVIEW OF TERMS OF REFERENCE

The Committee shall review these Terms of Reference at least annually or otherwise as it deems appropriate and propose or recommend changes to the Board.

18.0 GENERAL MANDATE

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

19.0 SPECIFIC MANDATES

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

- 19.1 review from time to time the size and profile of the Board;
- 19.2 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;
- 19.3 review and report to the Board annually its assessment of the Directors skills matrix to enable the Board Chair to inform the Shareholders;
- 19.4 develop and facilitate annually the evaluation of the performance of the Board and its committees, whether by self-evaluation or some other method, and ensure the results of the evaluation are communicated to the Board and its committees through the Board Chair;
- 19.5 facilitate the annual self-evaluation of the performance of individual Directors and have the results communicated to the Board Chair;
- 19.6 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 to the Board for consideration;

- 19.7 review and recommend to the Board candidates for the offices of Board Chair, Secretary and Treasurer; and, in consultation with the current President, candidates for the office of President;
- 19.8 make recommendations to the Board relative to the composition of the various committees of the Board;
- 19.9 develop, review and amend, as necessary, the policies and procedures of the Board regarding corporate governance issues;
- 19.10 on an ongoing basis, as they are identified and/or anticipated, 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, which action may include engaging management to address certain corporate governance matters;
- 19.11 review ABCRC's structures and procedures to ensure that the Board is able to and in fact is, functioning independently of management;
- 19.12 assess the availability, relevance and timeliness of information to be disclosed among the Shareholders, the Board, committees of the Board, the President and management as applicable;
- 19.13 monitor the quality of the relationship between management and the Board and recommend improvements as deemed necessary or desirable;
- 19.14 monitor the succession plans and strategy relating to positions held by the President, officers and other key leadership positions of ABCRC;
- 19.15 annually review the President's compensation and make recommendations to the Board concerning the President's compensation;
- 19.16 annually review and approve the appropriateness of ABCRC's human relations policies and labour relations practices;
- 19.17 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 a legally compliant and socially responsible manner, in accordance with ABCRC's Code of Conduct and Ethics; and, where deemed advisable by management or the Committee, recommend policy changes and program initiatives to support such efforts;
- 19.18 annually review the governance documents listed in Schedule "A" attached hereto and, with input from Shareholders, Directors and officers as deemed appropriate by the Committee, recommend to the Board any improvements to those documents from time to time;
- 19.19 ensure that management updates and maintains the Board's policies, procedures and other relevant material so that they continue to be current and communicates to the Board any changes to such materials from time to time;

- 19.20 ensure that the Board receives, at least annually, reports from management on matters relating to, among other things, ethical conduct, employee health and safety, human rights, legal proceedings, environmental matters and other due diligence matters relevant to the Board; and
- 19.21 undertake such other initiatives as are needed to help deliver preeminent corporate governance.

20.0 DUTIES OF THE COMMITTEE CHAIR

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

- 20.1 except as otherwise provided in these Terms of Reference, call all meetings of the Committee;
- 20.2 set or approve the agenda of all meetings of the Committee called by the Committee Chair;
- 20.3 establish the rules of procedure and rules of order to be followed at meetings of the Committee;
- 20.4 confer with the President regarding all items of business which the President wishes to bring before the Committee;
- 20.5 take reasonable measures to ensure that all Committee members are active and contributing;
- 20.6 together with the President advise the Committee of the business and affairs of ABCRC; and
- 20.7 ensure appropriate communication among the Committee members.

Schedule A

Governance Documents

Unanimous Shareholders Agreement

Bylaws

Code of Conduct and Ethics

Charter of Expectations for the Board of Directors

Governance Guidelines

Terms of Reference for the Board of Directors

Terms of Reference for an Individual Director

Terms of Reference for Committee Members

Terms of Reference for the Governance Committee

Terms of Reference for the Audit Committee

Terms of Reference for the Public Affairs & Communications Committee

Terms of Reference for the Ad Hoc Handling Commissions Committee

Terms of Reference for the Board Chair

Terms of Reference for the President