

**MANDATE OF THE BOARD OF DIRECTORS
OF TERVITA CORPORATION**



EARTH MATTERS



MANDATE OF THE BOARD OF DIRECTORS

1. PURPOSE

This mandate (this "**Mandate**") has been prepared to provide guidance to the board of directors (the "**Board**") of Tervita Corporation (the "**Corporation**") and its chair (the "**Chairman of the Board**"), as well as the various committees (the "**Committees**") of the Board and their chairpersons (the "**Committee Chairs**"), on corporate governance matters. It shall also serve as the primary source of information concerning governance in the orientation of newly appointed directors.

These guidelines are intended to be flexible and to provide direction to the Board as a whole and to individual Board members in connection with their legal obligations and mandate from the shareholders to oversee and direct the business and affairs of the Corporation.

The Board will review and modify this Mandate, as applicable, to reflect changes to the business environment, industry standards on matters of corporate governance, accountability to the Corporation's shareholders and the adoption and implementation of relevant laws and policies.

2. COMPOSITION AND MEMBERSHIP

The composition of the Board, including the qualifications of each director, will comply with all requirements of the *Business Corporations Act* (Alberta) (the "**ABCA**"), the articles and by-laws of the Corporation, applicable securities legislation and the rules of any stock exchange upon which the shares of the Corporation are listed for trading.

All Board members will have the skills and abilities appropriate to their appointment as directors. It is recognized that the proper balance of experiences, competencies and attributes will allow the Board to carry out its duties and responsibilities in the most effective manner.

To ensure the effectiveness of Board and the Committees, each director will:

- (a) prepare for each Board and Committee meeting by reading the reports and background materials provided for the meeting; and
- (b) maintain a strong Board and Committee meeting attendance record.⁽¹⁾

2.1 Size of Board

The number of directors shall be not less than the minimum and not more than the maximum number specified in the Corporation's articles and the number of directors

⁽¹⁾ The target is 100% attendance. Anything less than 80%, without extenuating circumstances, would require further discussion with the Chairman of the Board.



shall be fixed from time to time within such limits by resolutions of the shareholders or as may be permitted by the Corporation's constating documents and applicable law.

The Board shall consider the size and composition of the Board for the purpose of establishing a Board comprised of members who facilitate effective decision making and have or obtain sufficient knowledge of the Corporation and its business and operations to assist in providing advice and counsel on relevant issues.

2.2 Independence

The majority of the Board shall be "independent" of the Corporation, as such standard is set out in National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which follows the definition of independence found at section 1.4 of National Instrument 52-110 *Audit Committees*. Independent directors have no direct or indirect material relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of independent judgment in carrying out their responsibilities.

The Board will analyze the application of the "independent" standard to individual members of the Board on an annual basis.

The Board will consider and approve such structures and procedures as may be deemed necessary to permit the Board to function independently of management.

2.3 Nomination and Appointment of Directors

Directors are elected to hold office until the next annual meeting of shareholders of the Corporation at which directors are elected or until their successors are either elected or appointed. At least 25% of the directors must be Canadian residents in accordance with the ABCA.

The Board shall consider, and if deemed appropriate, adopt a process to:

- (a) consider what competencies and skills the Board, as a whole, should possess; and
- (b) assess what competencies and skills each existing director possesses and which the Board therefore as a whole possesses.

3. MEETINGS

The Board shall have a minimum of four (4) regularly scheduled meetings annually. Additional or special meetings shall be called as necessary.

A Board meeting may be called by the Chairman of the Board, any two directors, or the Chief Executive Officer of the Corporation (the "**CEO**").

The CEO shall be available to advise the Board on the business and operations of the Corporation. The Board may invite to a meeting any other officers or employees of the Corporation, legal counsel, advisors or other persons whose attendance it considers



necessary or advisable in order to carry out its responsibilities. The Board, and each individual Board member, shall have authority to (i) engage independent counsel and other advisors or consultants as they may determine necessary in the discharge of their respective duties and responsibilities, and (ii) set and authorize the payment of the compensation for any advisors so engaged.

The Board shall, as practicable, hold an *in camera* meeting of independent directors in connection with all Board and Committee meetings.

3.1 Notice

A notice of time and place of every meeting of the Board shall be given in writing to each director at least 48 hours prior to the time fixed for such meeting, unless waived. Attendance of a director at a meeting of the Board shall constitute waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not properly called.

3.2 Quorum

A quorum for meetings of the Board shall be a majority of its members present in person or by telephone or video conference. However, the directors shall not transact business at a meeting other than filling a vacancy, unless at least twenty-five per cent of the directors present are resident Canadians; unless the required resident Canadian(s) unable to attend provide(s) approval of the business to be transacted at the meeting.

3.3 Decisions

Decisions of the Board shall be determined by a majority of the votes cast.

Subject to the requirements of any applicable laws, regulations or rules, any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members of the Board. Such written consent shall have the same force as a unanimous vote of the Board. A copy of any such written consent shall be kept with the minutes of the proceedings of the Board.

3.4 Minutes

The Board shall appoint a director or officer of the Corporation, legal counsel or another person acceptable to the Board to act as secretary at each meeting for the purpose of recording the minutes of each meeting. Minutes of every meeting shall be kept with the Corporation's corporate records.

The minutes of Board meetings shall be in sufficient detail to convey the substance of all discussions held, and shall accurately record the decisions reached, as well as attendance of members of the Board at each meeting.



4. SPECIFIC DUTIES

As recommended by the provisions of National Policy 58-201 *Corporate Governance Guidelines*, the Board explicitly acknowledges responsibility for the stewardship of the Corporation as set out below.

4.1 Oversight and Management Duties

In fulfilling its responsibilities to the Corporation, the Board shall be specifically responsible for:

- (a) overseeing management of the business and affairs of the Corporation, and to act with a view to the best interests of the Corporation, growing value and maximizing returns to its shareholders;
- (b) overseeing management who ensure that legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
- (c) overseeing the management of the business and affairs of the Corporation including the relationships among the Corporation, its affiliates and their executives, shareholders, directors and officers;
- (d) approving and assessing the Corporation's policies and procedures and monitoring compliance with such policies and procedures;
- (e) developing an approach to corporate governance;
- (f) developing the terms of references for the following positions:
 - (i) Chairman of the Board;
 - (ii) Committee Chairs; and
 - (iii) CEO;
- (g) approving budgets, monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary; and
- (h) to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers of the Corporation and ensuring the CEO and other executive officers create and promote a culture of integrity throughout the Corporation.



4.2 Legal Requirements

- (a) The Board has the responsibility to oversee the Corporation's legal requirements for the proper preparation, approval and maintenance of the Corporation's documents and records.
- (b) The Board has a fiduciary responsibility to:
 - (i) manage or oversee the management of the business and affairs of the Corporation;
 - (ii) to act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) exercise the care, diligence and skill that responsible, prudent people would employ in comparable circumstances; and
 - (iv) act in accordance with its obligations as set out in the ABCA, the articles and by-laws of the Corporation, applicable laws and regulations and any restrictions imposed by any applicable regulatory authority or stock exchange requirements.
- (c) The Board has the statutory responsibility to consider the following matters as a full Board which may not (by law) be delegated to management or to a Committee:
 - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - (ii) the filling of a vacancy among the directors;
 - (iii) the appointment of additional directors;
 - (iv) the issuance of securities except in the manner and on the terms authorized by the Board;
 - (v) the declaration of dividends;
 - (vi) the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
 - (vii) the payment of a commission to a person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;



- (viii) the approval of management proxy circulars and annual financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and
- (ix) the adoption, amendment or repeal of any by-laws of the Corporation.

4.3 Strategic Duties

The Board shall adopt a strategic planning process for the Corporation, approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business and monitoring of performance against the plan.

4.4 Managing Risks

The Board oversees management who are responsible for identifying the principal risks of the Corporation's business and ensuring that appropriate risk management systems are in place, adopting policies and procedures to identify business risks, addressing which risks are acceptable to the Corporation and ensuring that systems are put in place to manage them. Risks to be considered include both:

- (a) strategic risks such as those related to: acquisitions, expansion and divestitures; competition; Tervita's market share; political matters; commodity prices; economic factors; onsite contract development; and third party contracts; and
- (b) operational risks such as those related to: the integration of operations following acquisitions; project evaluation and pricing; matters affecting business reputation and innovation and technology development.

4.5 Managing Communication and Reporting

The Board shall be responsible for developing and overseeing policies regarding the effective and timely disclosure of information (consistent with the guidance provided in National Instrument 51-102 *Continuous Disclosure Obligations*) to shareholders, other stakeholders, analysts and the public generally, as well as the Corporation's measures for receiving feedback on the business of the Corporation and other matters, whether through investor relations, the CEO or other mechanics independent of management.

4.6 Internal Controls and Management Information Systems

The Board, through discussions with management, the audit committee (the "**Audit Committee**") of the Board and the external auditor, shall be responsible for reviewing and monitoring management's implementation of internal controls and management information systems adequate for ensuring financial reporting is done in a way that is reliable, complete, accurate and transparent.



4.7 Code of Business Conduct and Ethics

The Board shall be responsible for adopting a written code of business conduct and ethics (the Corporation's *Code of Conduct and Conflict of Interest Guidelines* (the "**Code**")) applicable to directors, officers and employees which contains standards that are reasonably designed to promote integrity and deter wrongdoing, and address:

- (a) conflicts of interest (including transactions and agreements in which a director or executive officer has a material interest);
- (b) protection and proper use of the Corporation's assets and opportunities;
- (c) confidentiality of corporate information;
- (d) fair dealing with shareholders, customers, suppliers, competitors, employees and other stakeholders of the Corporation;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

The Board monitors compliance with the Code by receiving Management's assurance regarding completion of annual Code of Conduct certification by directors, officers employees, consultants and contractors. Any waivers sought by directors or executive officers are required to be approved only by the Board or by a Committee. In the instance that there is a material departure from the code which constitutes a material change to the issuer, the Board shall file a material change report containing the date of the departure, the parties involved, the reason why the Board has or has not sanctioned the departure, and any measures the Board has taken to address or remedy the departure.

4.8 Monitoring Management

The Board has the responsibility to:

- (a) in consultation with the governance committee (the "**Governance Committee**") of the Board, develop a succession plan for the Board;
- (b) in consultation with the human resources and compensation committee (the "**Human Resources and Compensation Committee**") of the Board and the CEO, develop a succession plan for the senior management of the Corporation; and
- (c) in consultation with the Human Resources and Compensation Committee and the Governance Committee, review and approve the compensation of directors as deemed appropriate; and
- (d) in consultation with the Governance Committee and the Human Resources and Compensation Committee, develop terms of reference for the CEO that delineates management's responsibilities. The Board



annually develops or approves the corporate goals and objectives that the CEO is responsible for meeting.

4.9 Orientation and Education

The Board shall provide new directors with a comprehensive orientation regarding both the business of the Corporation. Furthermore, directors shall be provided with continuing education opportunities so they may maintain or enhance their skills and abilities as directors, as well as their knowledge and understanding of the Corporation's business.

4.10 Other Activities

The Board may perform any other activities consistent with this Mandate, the articles and by-laws of the Corporation and any applicable laws and regulatory or stock exchange requirements as the Board deems necessary or appropriate including, but not limited to:

- (a) preparing and distributing the schedule of Board meetings for each upcoming year;
- (b) calling meetings of the Board at such time and place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Corporation; and
- (c) ensuring that all regularly scheduled Board meetings and Committee meetings are properly attended by directors, in person or by telephone.

5. COMMITTEES

5.1 Standing Committees

Appointment of members to the Committees shall be the responsibility of the Board, based upon consultations with the members of the Board. Committee Chairs will be selected in accordance with the mandates of the Committees. The Committee Chairs will be responsible for determining the agenda of meetings of the respective Committees and determining the frequency and length of meetings, provided that each Committee must meet at least semi-annually. Committee meetings may be called at any time upon 48 hours' notice, by the Chairman of the Board, the applicable Chair or any member of the applicable Committee.

The Board shall, at this time, have the following standing committees to assist in the discharge of its duties:

- (i) Audit Committee;
- (ii) Governance Committee;
- (iii) Human Resources and Compensation Committee; and



- (iv) Health, Safety, Environment and Quality Committee.

Each standing committee of the Corporation has a written mandate that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the Board.

5.2 Additional Committees

The Board may establish any additional Committees or *ad hoc* Committees to deal with special purposes, as required from time to time in the discretion of the Board. Appointment of members to such Committees shall be the responsibility of the Board. The Board shall prepare written mandates for any additional or *ad hoc* Committee as it deems necessary.

6. STANDARD OF LIABILITY

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Corporation. Subject to all applicable laws, regulations and listing requirements, as well as the Corporation's articles and by-laws, it is not intended to establish any legally binding obligations.