

## **Richards Packaging Income Fund**

### **Board of Trustees– Terms of Reference**

#### **Role**

The role of the Board of Trustees (the “Board”) is to supervise the business and affairs of Richards Packaging Income Fund (the “Fund”) to enhance the long-term value of the Fund. The Board is elected by the unitholders to ensure that the best interests of the unitholders are advanced by enhancing unitholder value in a manner that recognizes the concerns of other stakeholders in the Fund. The Board should also ensure that the Fund’s capital structure is preserved and have a distribution policy that is consistent with this mandate.

#### **Authority and Responsibilities**

The Board meets regularly to review reports on the performance of the Fund. In addition, the Board performs the following functions:

- **Strategic planning** – overseeing the strategic planning process within the Fund and reviewing, approving and monitoring the strategic plan for the Fund including fundamental financial and business strategies and objectives;
- **Risk assessment** – assessing the major risks facing the Fund and reviewing, approving and monitoring the manner of managing those risks;
- **Maintaining integrity** – reviewing and monitoring the controls and procedures within the Fund to maintain its integrity including its disclosure controls and procedures and its internal controls and procedures for financial reporting.
- **Financial Reporting** – approving the financial statements of the Fund and the management’s discussion and analysis accompanying such financial statements as well as other regulatory reports.
- **Corporate Governance** – developing the Fund’s approach to corporate governance, monitor developments and proper practices in corporate governance issues.
- **Declaration of Trust** – fulfilling all of their responsibilities under the Fund’s Declaration of Trust, including declaring and approving distributions.

In addition to those matters that must, by law, be approved by the Board, specific Board approval must be obtained for:

- Any new loan agreement or guarantee or any equity financings;
- Any new acquisition or divestiture; and
- Any other material agreement or arrangement that is not in the ordinary course of business.

## **Composition and Procedures**

### **Size of Board and Selection Process**

The Trustees of the Fund are elected each year by the unitholders at the annual meeting of unitholders. The Board proposes a slate of nominees to the unitholders for election. Any unitholder may propose a nominee for election to the Board either by means of a unitholder proposal upon compliance with the requirements prescribed by the Canada Business Corporations Act or at the annual meeting. The Board also determines the number of Trustees on the Board, subject to a minimum of three and a maximum of ten. Between annual meetings, the Board may appoint Trustees to serve until the next annual meeting.

### **Qualifications**

Trustees should have the highest personal and professional ethics and values and be committed to advancing the best interests of the unitholders of the Fund. They should possess skills and competencies in areas that are relevant to the Fund's activities. A majority of the Trustees will be "independent Trustees" under the Canadian Securities Administrators guidelines.

### **Change in Personal Circumstances**

The Board requires any Trustee to offer his resignation if there has been a relevant change in his personal circumstances, or if he has not attended at least 75% of the regularly scheduled Board and relevant committee meetings in the most recent twelve month period. The Board will evaluate the impact of the change on the composition of the Board and accept or reject the resignation as appropriate.

### **Trustee Orientation**

The Board is responsible for providing an orientation and education program for new Trustees. Each new Trustee must, within three months of becoming a Trustee, spend one day at the head office of the Fund for personal briefings on the Fund's strategic plan, major risks and other key business matters.

## **Meetings**

The Board has at least four scheduled meetings a year. The Board is responsible for its agenda. Materials for each meeting will be distributed to the Trustees in advance.

At the conclusion of meetings of the Board, the independent Trustees shall meet with only independent Trustees present.

## **Committees**

The Board has established an Audit committee to assist the Board in discharging its responsibilities. Special committees are established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each permanent committee is reviewed annually by the Board.

## **Evaluation**

The Trustees will perform an evaluation regularly on the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Trustees.

## **Compensation**

The Board will decide the compensation and benefits for non-management Trustees. In reviewing the adequacy and form of compensation and benefits, the Board seeks to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a Trustee of the Fund and align the interests of the Trustees with the best interests of the unitholders.

## **Access to Independent Advisors**

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Fund. Any Trustee may, subject to the approval of the Chair of the Board, retain an outside advisor at the expense of the Fund.

## **Other**

Be satisfied that each Trustee has advised the Board with respect to any other boards on which the member may serve from time to time and consider whether such situations may constitute conflicts of interest.

Review transactions that a Trustee has a material interest to ensure they reflect market practices and are in the best interests of the Fund.

## **Role of the Chair**

The Chair is appointed by the Board of Trustees. The role of the Chair is as follow:

- Manage the business of the Board and ensure that the functions identified in the Terms of Reference of the Board are being effectively carried out by the Board and its committees;
- Ensure that all Trustees receive the information required for the proper performance of their duties;
- Ensure that the appropriate committee structure is in place and recommend appointments to such committees;
- Lead in the annual review of Trustee and Board performance and make recommendations for changes when appropriate;
- Provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the Board to function as a unit;
- Fulfilling his or her Board leadership responsibilities in a manner that will ensure that the Board is able to function independently of management of Richards Packaging Inc. This should include ensuring that the appropriate procedures are in place for the Board to meet regularly without management present.
- Taking a leadership role in ensuring effective communication and relationships between the Fund, unitholders, and stakeholders.

The Chair of the Board will be an independent Trustee.