

EXECUTIVE & TRANSITION COMMITTEE MANDATE & CHARTER

A. Composition

The Executive & Transition Committee (ETC) will be comprised of the SO Board Chair and the Chairs of the Standing Committees (Finance, Audit & Performance Committee and Governance & Nominating Committee) as well as the Canadian Stewardship Services Alliance (CSSA) client services team. In addition, the Committee may, from time to time, seek the participation of other Directors on special purpose projects or initiatives (e.g. communications with stewards). The Chair of the ETC will be the SO Board Chair who will provide leadership to the Committee, facilitate the discussion of specific issues, and serve the Committee in meeting its requirements.

B. Terms of Reference

SO is establishing an ETC as a key component of its governance structure to ready the organization for the changes that will occur as a result of the *Waste Diversion Transition Act, 2015* (WDTA) and the *Resource Recovery and Circular Economy Act, 2015* (RRCEA). The Committee's objective is to:

1. Provide direction, oversight and decision-making input to those matters affecting SO's operations that are impacted by the Transition Act, including the wind-up of its programs (Blue Box, MHSW) as well as its corporate infrastructure;
2. Oversee communications to stewards who will be seeking to understand how the changes over the next few years will affect their compliance obligations overall;
3. Oversee the risk management process of the organization;
4. Liaise with Government and Waste Diversion Ontario (WDO) on transition matters; and
5. Oversee the Management Services Agreement (MSA) between CSSA and SO.

a) Fundamental Activities

The following activities must be conducted effectively during the transition process:

1. Develop a transition plan that responds to the requirements set out by the Waste Diversion Authority and the Minister of the Environment and is respectful of the needs of stewards and stakeholders;
2. Communicate/meet with government decision makers and/or the WDO on a regular basis about the impact of transition requirements on the organization, its programs and its stakeholders;
3. Communicate regularly with stewards who will be seeking to understand the impact of changes on their compliance obligations;
4. By acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing SO and SO's tolerance for risk and approve risk management policies, the Committee shall focus on gaining reasonable assurance that risk is being effectively managed or controlled by:
 - i. Reviewing with management SO's tolerance for risk;
 - ii. Reviewing with management (through a risk map or other risk assessment tool) its assessment of the significant risks facing SO;

- iii. Reviewing with management SO's policies and any proposed changes thereto for managing those significant risks;
- iv. Reviewing with management its plans, processes and programs to manage and control such risks;
- v. Reviewing the adequacy of insurance coverage maintained by SO;
- vi. Reviewing with management, the external auditors and the company's legal counsel, any legal claim or other contingency that could have a material effect upon the financial position or operating results of the company; and
- vii. Annually reviewing the MSA between CSSA and SO to ensure there are no gaps or service-related issues and in the event that such occur, develop a plan to correct or remediate same.

C. Operating Principles

1. Communications

The Chair and members of the ETC expect to have direct, open and frank communications throughout the year with management and other Committee Chairs as applicable.

2. Committee Expectations and Information Needs

The ETC shall communicate its expectations to management with respect to the nature, timing and extent of its information needs. The Committee expects that all reasonably required and available information relating to each matter to be dealt with by the ETC at its meetings will be received from management within a reasonable time frame in advance of each Committee meeting (e.g. three business days).

D. Operating Procedures

1. Work Plan

Because the ETC will be operating in accordance with the rhythm dictated by the Transition process and plan, the Committee will meet on an as-needed basis. Other than emergency meetings, the Chair shall endeavour to provide at least three days' notice. The Chair of the ETC will meet with the CSSA client services team monthly on routine matters identified in the standing agenda.

2. Meeting Agenda

The Chair (assisted by a CSSA staff person) shall endeavour to distribute meeting agendas and related materials to Committee members at least three days in advance of each regular meeting.

3. Quorum

Quorum means a minimum of two Directors plus two members of the CSSA client services team acting as management of SO. Matters with financial implications will require the participation of the Chair of Finance, Audit & Performance Committee. Matters with governance implications will require the participation of the Chair of the Governance & Nominating Committee.

4. Reporting to the Board

The Chair shall report the information and decisions taken at each meeting to the Board at the Board's next regular meeting.

5. External Resources

The Chair, following consultation with the Chairs of Finance and Governance may retain one or more persons having special expertise that will assist the Committee in discharging its responsibilities vis-a-vis transition.

6. Self-Assessment

The ETC shall annually review, discuss and assess its own performance and periodically review its role and responsibilities.

7. Meeting Minutes

The draft minutes of the ETC shall be circulated to the Chairs of the Standing Committees and posted to the Diligent Board Book site as a record of the meetings for all board members to review within 10 days of the ETC meeting. Minutes will be reviewed with a view to determining what matters should be referred to the full Board for information, advice or decision as part of their regular proceedings.