

Mandate and Roles Document



MANDATE AND ROLES

The Mandate and Roles Document helps to clearly define the corporation's purpose, how it's run, by whom and with what oversight.

The document outlines how Claystone Waste would be responsible for providing waste management services both inside the jurisdictions of the shareholding municipalities and broader capital region, as well as contracting its services to third party waste producers such as oil and gas operators. The document binds Claystone Waste to pursue revenue-generating opportunities for the benefit of its shareholding municipalities and communities, while minimizing negative impacts on residents.

In addition to describing governance and accountability processes, the document also commits Claystone Waste to sound environmental stewardship of land, air and water.

KEY PROVISIONS

MANDATES CLAYSTONE TO SUPPORT LOCAL PRIORITIES

The Mandate and Roles Document commits Claystone to provide a service and benefit to the residents of the Beaver region, to generate profits, and provide dividends back to its municipal shareholders in support of local priorities.

The document also binds Claystone to support employment and the economic health of the region and ensures that local residents are prioritized for employment and local contractors are prioritized for procurement and construction projects.

OUTLINES BOARD GOVERNANCE RESPONSIBILITIES

Like any corporation, Claystone Waste would have a governance structure with clearly-defined roles and expectations for officers and boards. The Mandate and Roles Document lays out just what those roles are, what the expectations of anyone in those roles would be, and what board officers would be responsible for.

The Unanimous Shareholder Agreement describes how the Claystone Board of Directors would be selected by the municipal shareholders. The Roles and Mandate Document serves to further outline the Board's responsibilities in relation to their oversight role in the management of Claystone. These accountability functions are described in the Roles and Mandate Document and include establishing committees to oversee the work of Claystone Waste in areas like Audit and Finance, Governance, and Human Resources.

ESTABLISHES PUBLIC ADVISORY COMMITTEE

The document mandates that the Claystone Board of Directors creates a Public Advisory Committee. This committee would be responsible for bringing forth issues and concerns from residents of the Beaver region directly to the Board.

The Roles and Mandate Document is like a blueprint to ensure Claystone Waste has a minimal negative impact on residents while maximizing the benefit, both economic and otherwise, for municipal shareholders and the Beaver region.

MANDATE AND ROLES DOCUMENT

CLAYSTONE WASTE LIMITED PARTNERSHIP AND CLAYSTONE WASTE LTD.

INTRODUCTION

Claystone Waste Limited Partnership, as operated by Claystone Waste Ltd., as general partner of the limited partnership (collectively, "**Claystone Waste**"), is a limited partnership pursuant to the *Partnership Act*. Claystone Waste Ltd. is a municipally controlled corporation incorporated and operating pursuant to the *Municipal Government Act*, RSA 2000, c M-26 (the "**MGA**") and the *Business Corporations Act*, RSA 2000, c B-9 (the "**BCA**"), and all regulations under each act, each as amended or replaced from time to time.

This Mandate and Roles Document (the "**Mandate**"), is made in accordance with that Unanimous Shareholder Agreement between Claystone Waste Ltd. and the shareholders of Claystone Waste Ltd. dated the __ day of _____, 20__ (the "**USA**"). The Mandate is intended to be a legally binding document outlining, among other things, the mandate of Claystone Waste, any policies governing the Board of Directors of Claystone Waste (the "**Board**"), any policies governing Claystone Waste, including operating policies, financial policies, human resource policies or other policies, and any such other matters as are included herein.

In the event of a conflict between this Mandate and the USA, the USA shall govern. This Mandate may only be amended in accordance with the terms outlined in the USA.

1. THE MANDATE

- 1.1. Claystone Waste has been created as a limited partnership, through a for-profit, municipally controlled corporation guiding the limited partnership, providing waste services, being the provision of collection, transport, disposal and treatment of waste ("**Waste Services**"). Waste is defined as waste which is primarily solid in nature, including but not limited to rubbish, refuse, garbage, paper, packaging, containers, bottles, cans or the whole or any part of materials, vehicles or other machinery that is disposed of or recycled ("**Waste**").
- 1.2. Claystone Waste has been created to provide Waste Services to the residents of the municipalities who from time-to-time are or become limited partners and shareholders of Claystone Waste Limited Partnership and Claystone Waste Ltd. respectively (the "**Municipalities**" or "**Municipal Shareholders**"). In addition to providing such local Waste Services, Claystone Waste has been created to provide Waste Services to third party waste producers and to earn additional revenue which will, after being used for required expenses as outlined in the USA, be distributed to the Municipalities to provide a direct benefit to the residents of the Municipalities.
- 1.3. Claystone Waste will operate for a municipal purpose as outlined in the MGA, including, without limitation:

- 1.3.1. fostering the well-being of the environment;
 - 1.3.2. providing services and facilities necessary or desirable for the Municipalities;
 - 1.3.3. developing and maintaining safe and viable communities;
 - 1.3.4. working collaboratively among the Municipalities to deliver intermunicipal services;
 - 1.3.5. providing a service and benefit to the residents of the Municipalities; and
 - 1.3.6. providing profits and dividends which will provide a direct benefit to the residents of the Municipalities.
- 1.4. Claystone Waste shall ensure it:
- 1.4.1. Provides Waste Services for the benefit of the Municipalities and the Province of Alberta's air, land and water;
 - 1.4.2. Provides information to residents of the Municipalities and the Municipal Shareholders and remains accountable to the same;
 - 1.4.3. Develops and institutes plans to ensure the Waste Services have a minimal negative impact on the Municipalities and their residents while maximizing the benefit, both economic and otherwise, for the Municipalities and their residents;
 - 1.4.4. Develops collaborative relationships;
 - 1.4.5. Operates in accordance with its legislative framework, including the MGA and BCA;
 - 1.4.6. Identifies and implements innovative approaches to the delivery of Waste Services;
 - 1.4.7. Prioritizes hiring and procurement in the Beaver County region of Alberta to the extent possible while remaining competitive;
 - 1.4.8. Develops strategies to identify and retain key talent;
 - 1.4.9. Operates independently of the Municipal Shareholders with day-to-day management and direction provided by the Officers and employees of Claystone Waste, and overall strategic direction provided by the Board of Claystone Waste, at all time subject to the terms of the USA;
 - 1.4.10. Engages with interested parties in a respectful and transparent manner; and

1.4.11. Develops and sets standards for ensuring the mandate of Claystone Waste is constantly achieved.

1.5. The Board – General Responsibilities

The primary duty and responsibility of the Board is to ensure that Claystone Waste fulfills the Mandate outlined herein.

The Board has overall responsibility for the governance of Claystone Waste and oversees management of Claystone Waste's business and affairs (subject to the terms of the USA). The Board guides Claystone Waste's strategic direction, evaluates the performance of its Officers and remains accountable to the Municipal Shareholders. Board members have a fiduciary duty to Claystone Waste and must at all times act honestly and in good faith to advance the interest of Claystone Waste.

1.6. Board Chair

The Board Chair shall be selected by the Municipalities pursuant to the terms of the USA. The Board Chair shall be the chair at all Board meetings and shall represent the Board and its interests, as well as the interests of Claystone Waste generally, in dealing with the Municipalities, the Province of Alberta, the Officers of Claystone Waste, the community and other interested stakeholders. The Board Chair is responsible for providing leadership for the Board and for effectively facilitating the work of the Board. The Board Chair shall also act as spokesperson in matters involving the Board. The Board Chair may delegate to the Chief Executive Officer of Claystone Waste responsibility for communicating to the media and other interested stakeholders.

1.7. Board – Specific Responsibilities

The Board shall:

- 1.7.1. Hold regular Board meetings at such interval as the Board determines is advisable, but not less than four (4) times per year;
- 1.7.2. Work with the Officers of Claystone Waste to prepare the Business Plan (as that term is defined in the USA);
- 1.7.3. Review this Mandate document and review the policies, frameworks and committees of the Board to ensure they are meeting their desired outcomes;
- 1.7.4. Create such committees and subcommittees of the Board as deemed advisable by the Board and/or as outlined herein;
- 1.7.5. Approve the bylaws of the Corporation including with respect to the appointment of Board officers;

- 1.7.6. Select and hire the Chief Executive Officer of Claystone Waste and set their terms, remuneration, performance evaluations, succession planning and otherwise;
- 1.7.7. Set policies for the quorum, voting requirements and minutes of the Board;
- 1.7.8. Attend at the annual meeting with the Municipal shareholders;
- 1.7.9. Select and present to the Municipalities replacement Board members in accordance with the terms and competencies matrix from time-to-time approved by the Municipalities, including making any recommendations to the Municipalities as the Board requires with respect to certain skill sets or competencies which may be required on the Board; and
- 1.7.10. Create policies governing Claystone Waste including with respect to finances, human resources and operations as are necessary and advisable and/or as outlined herein.

1.8. Core Board Policies

The following are the Core Policies (as that term is defined in the USA) of the Board which must be put into place by the Board and approved of and amended in accordance with the terms of the USA. For clarity, the Board is permitted to and shall create such further and other policies as it deems necessary or advisable, with such policies to be presented to the Municipal shareholders at the AGM, but which policies shall not require approval.

Core Policies:

- 1.8.1. Board Governance plus:
 - (i) Code of conduct;
 - (ii) Ethics and accountability;
 - (iii) Conflict of interest;
 - (iv) Board and Chair responsibilities; and
 - (v) Meeting procedure;
- 1.8.2. Committee Terms of Reference;
- 1.8.3. Human Resources plus:
 - (i) CEO and emergency succession plan;

(ii) Whistle blower protection; and

(iii) Conflict of interest & code of conduct;

1.8.4. Financial Management;

1.8.5. Communication and Spokesperson Advocacy; and

1.8.6. Board/Management Relation.

1.9. Board Committees

The Board shall, at a minimum, create the following committees, however, for clarity, the Board shall be permitted to create such other committees as it deems necessary or advisable, including appointing non-Board members to committees to obtain expertise as deemed necessary by the Board.

1.9.1. Audit and finance; and

1.9.2. Governance and human resources.

1.10. The Chief Executive Officer

The Chief Executive Officer shall be hired by the Board and shall be responsible for the day-to-day management of Claystone Waste and for implementing the strategic direction outlined by the Board. The Chief Executive Officer shall support the Board and allow it to carry out its governance function and shall ensure that the policies and Mandate of Claystone Waste are being carried out.

1.11. Public Advisory Committee

The Board shall create and appoint a public advisory committee (the "**PAC**") made up of residents and/or members of the Beaver County region in Alberta plus at least one (1) Board member. The Board shall also, at the request of the Municipal shareholders, or any of them, appoint one representative of each Municipal shareholder who requests such appointment to the PAC, including, without limitation, a councillor of that Municipality. The PAC shall be responsible for bringing forth issues and concerns from residents and/or members of the Beaver County region to the Board. The Board shall meet with the PAC on a reasonably regular basis, but no less than twice (2) a year, as required to ensure the interests of the Beaver County region residents are brought to and addressed by the Board. In addition to keeping minutes of such meetings and responding to concerns raised in such meetings, the Board shall communicate with the Municipal Shareholders with respect to issues raised and the response of the Board.

1.12. Communications and Accountability

The Board shall be accountable to the Municipal Shareholders of Claystone Waste and the Chief Executive Officer shall be accountable to the Board. Claystone Waste, the Board and the Municipal Shareholders of Claystone Waste jointly believe that regular and open communication between the shareholders and the Board is foundational to the success of Claystone Waste and to creating an effective working relationship. As a result, the Board shall ensure it maintains consistent and open lines of communication with the Municipal Shareholders in addition to the requirements outlined in the USA. Without limiting the generality of the foregoing, the Board shall provide to the Municipal Shareholders timely notice of any of the following:

- 1.12.1. Any proposed material changes to the Business Plan (as that term is defined in the USA) of Claystone Waste;
- 1.12.2. Any material conflicts of interest involving the Board or an Officer or employee of Claystone Waste;
- 1.12.3. Any material litigation (including regulatory proceedings) involving Claystone Waste;
- 1.12.4. Any issues which the Board determines, acting reasonably, have the potential to be issues among the residents of the Municipalities or which are likely to garner media attention; and
- 1.12.5. Any other material changes which the Board, acting reasonably, determines are likely to be of interest to the Municipal Shareholders.

The Board shall ensure it maintains a constant voice and communications protocol that ensures consistent, appropriate messaging involving Claystone Waste.

[APPROVAL SIGNATURES ON NEXT PAGE]

THIS MANDATE DOCUMENT APPROVED ON THE __ DAY OF _____, 20__ BY THE FOLLOWING PARTIES:

CLAYSTONE WASTE LIMITED PARTNERSHIP

By its general partner.

CLAYSTONE WASTE LTD.

BEAVER COUNTY

Per: _____

Per: _____

Per: _____

Per: _____

VILLAGE OF HOLDEN

VILLAGE OF RYLEY

Per: _____

Per: _____

Per: _____

Per: _____

TOWN OF TOFIELD

TOWN OF VIKING

Per: _____

Per: _____

Per: _____

Per: _____