

# PRIMARY ENERGY RECYCLING CORPORATION

## BOARD OF DIRECTORS CHARTER

Effective June 15, 2011

### I. PURPOSE

The board of directors (the “**Board**”) of Primary Energy Recycling Corporation (the “**Company**”) supervises the management of the business and affairs of the Company.

### II. COMPOSITION

The Board shall be composed of at least three directors. In addition, a majority of the directors shall be independent of the Company, Primary Energy Recycling Holdings LLC (“**PERH**”) and any third party that provides management services to the Company (the “**Manager**”), as contemplated by the laws, regulations and listing requirements to which the Company is subject.

The Corporate Governance and Compensation Committee (the “**Governance Committee**”) of the Board maintains an overview of the size of the Board, the need for recruitment and the necessary skills and experience of any new members. The Board approves the final choice of candidates for nomination and election by the shareholders.

The Board shall appoint its Chair from among the Company’s independent directors.

At every annual meeting of the Company’s shareholders, the directors are elected. The term of office for each of the directors shall expire at the time of the next annual meeting of shareholders of the Company.

The directors may appoint a secretary to the Board who will attend meetings of the Board and prepare and maintain minutes of the proceedings of the Board.

A vacancy that is not created at a shareholder meeting may be filled by a quorum of remaining directors.

### III. MEETINGS

A minimum of four regularly scheduled Board meetings shall be held each year. Additional meetings may be held when required. Any director may ask the Chair of the Board to call a meeting.

The Chair of the Board, in consultation with appropriate individuals, develops the agenda for Board meetings.

A quorum for any meeting of the Board shall be a majority of the directors.

If the Chair of the Board is not present at any meeting, one of the members who is present shall be chosen by the Board to preside at the meeting.

At the invitation of the Chair, members of the PERH board of managers, officers or employees of the Company, PERH or the Manager, or special advisors may attend any Board meeting.

Every meeting of the Board shall be followed by an in-camera session of the independent directors to ensure free and open discussion and communication.

#### IV. RESPONSIBILITIES

In carrying out their responsibilities, Board members are expected to act honestly and in good faith with a view to the best interest of the Company, and to demonstrate high ethical standards and integrity in their dealings with and on behalf of the Company.

In addition to its statutory responsibilities, the Board has the following duties and responsibilities:

1. In respect of Finance, Operations and Performance:
  - (a) determine from time to time the appropriate criteria against which to evaluate the Company's performance against shareholder expectations, and ensure that corporate strategic goals and objectives are set within this context;
  - (b) adopt a strategic planning process and approve, on at least an annual basis, a strategic plan for the Company and its subsidiaries which takes into account, among other things, the opportunities and risks of the business;
  - (c) approve annual capital and operating budgets for the Company and its subsidiaries;
  - (d) monitor Company performance against strategic plans, annual performance targets and the effective management of risk;
  - (e) approve the annual management and administration budget for the Company and its subsidiaries;
  - (f) approve (with, in each case, a majority of the independent directors concurring) (i) any material transactions, including but not limited to any material transactions involving acquisitions, dispositions, debt obligations, investments or other agreements or contracts likely to be material to the Company or its subsidiaries and (ii) any transaction outside the ordinary course of business, including but not limited to any material or extraordinary transaction between the Company and/or its subsidiaries and the Manager;
  - (g) oversee the activities and management of the affairs of the Company, including overseeing the performance of services provided to the Company by the Manager pursuant to the applicable management agreement (the "**Management Agreement**");
  - (h) approve the issuance of any securities of the Company;
  - (i) approve all dividends on common shares of the Company;
  - (j) approve (with, in each case, a majority of the independent directors concurring) (i) the incurrence by the Company or any of its subsidiaries of any material additional debt and/or (ii) the refinancing of any existing material debt by the Company or any of its subsidiaries;
  - (k) approve amendments to any terms of the Management Agreement or the fees payable to the Manager, such approval to be by a majority of the independent directors;
  - (l) provide a source of advice and counsel to the officers of the Company, PERH and to the employees of the Manager who provide services to the Company and PERH on critical and sensitive problems; and
  - (m) review alternate strategies in response to any possible takeover bid or other acquisition proposal in order to maximize shareholder value.

2. In respect of Disclosure and Controls:

- (a) approve the Company's annual and quarterly financial statements, including the management discussion and analysis, information circulars, annual information forms, annual reports, and any other continuous disclosure documents;
- (b) approve the Company's offering memorandums, prospectuses and any other offering documentation required to be filed;
- (c) adopt a communication policy for the Company and satisfy itself that effective communication is in place between the Board and the Company's shareholders, other stakeholders and the public;
- (d) review all Company press releases before their release to the public;
- (e) identify and review the principal risks of the Company's business, and ensure the implementation of appropriate systems to manage these risks; and
- (f) oversee the quality and integrity of the Company's accounting and financial reporting systems, disclosure controls and internal controls.

3. In respect of Governance Processes:

- (a) review and approve key policy statements developed by the Company on various issues such as ethics, compliance, communication and public disclosures and any changes to such policies;
- (b) appoint an Audit Committee, Governance Committee and other Board committees as the Board considers necessary and delegate to such committees certain powers of the Board as appropriate;
- (c) nominate the candidates for the Board to the shareholders;
- (d) select the Chair of the Board;
- (e) determine whether or not individual directors meet the applicable independence requirements;
- (f) ensure the appropriate structures and procedures are in place so that the Board and its committees can function independently of the management of the Company, PERH and the Manager, including ensuring that the independent directors have an opportunity to meet regularly;
- (g) ensure that non-independent directors recuse themselves from Board decisions where a conflict of interest between the Manager and the Company is involved;
- (h) approve charters for each of the Board committees and any changes thereto;
- (i) ensure that the appropriate matters come before the Board;
- (j) conduct, through the Governance Committee, an annual review of Board practices and Board, Chair and committee performance;
- (k) review with the Governance Committee that the Board as a whole, the committee and the directors are capable of carrying out and do carry out their roles effectively;
- (l) discuss and develop the Company's approach to corporate governance in general, based on input and guidance from the Governance Committee, and develop a set of corporate governance principles and guidelines that are specifically applicable to the Company;

- (m) ensure suitable director and officer insurance is applied for, obtained and maintained and periodically review the adequacy of the insurance policy;
- (n) oversee the selection, appointment, development, evaluation and compensation of the Chief Executive Officer of the Company and PERH (the “CEO”) and the senior management of the Company and PERH;
- (o) satisfy itself as to the integrity of the CEO and that the senior managers create a culture of integrity throughout the organization;
- (p) review and oversee the succession plan for the CEO and senior management developed by the Governance Committee (including appointing, training and monitoring senior management);
- (q) act for, vote on behalf of and represent the Company as a direct holder of membership interests of PERH and as an indirect holder of memberships in its subsidiaries, including designating the Company’s members on the board of managers of PERH; and
- (r) approve this Charter and review it annually and make changes as appropriate.

## **V. RESOURCES AND AUTHORITY**

In fulfilling its role, the Board shall have the support it needs from the senior management of the Company and PERH and of the employees of the Manager who provide services to the Company and PERH.

The Board may engage any special advisors it deems necessary, at the expense of the Company.

## **VI. COMMUNICATION WITH DIRECTORS**

Shareholders or other stakeholders of the Company may communicate with the directors by writing to the Chair of the Board, care of the Chief Financial Officer of the Company, as follows:

Chair of the Board  
c/o Chief Financial Officer  
Primary Energy Recycling Corporation  
2215 S. York Road, Suite 202  
Oak Brook, Illinois 60523  
USA