

**PRIMARY ENERGY RECYCLING CORPORATION**  
**CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE**

**As amended on June 15, 2011**

**I. PURPOSE**

The Corporate Governance and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Primary Energy Recycling Corporation (the “Company”) is responsible for reviewing and monitoring the corporate governance, compensation, nomination and human resource practices observed by the Company and its subsidiaries and making recommendations with respect to such matters to the Board and the Board of Managers (the “PERH Board”) of Primary Energy Recycling Holdings LLC (“PERH”).

For purposes of this Charter, “Boards” refers to both the Board and the PERH Board.

**II. COMPOSITION**

The Committee shall be comprised of no fewer than three directors, each of whom the Board has determined to be unrelated or independent in respect of the Company, 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.

Members, including the chair of the Committee (the “Committee Chair”), shall be appointed by the Board and shall serve for such term as the Board may determine.

Any member of the Committee may be replaced or removed at any time by the Board. The Board shall fill vacancies on the Committee by appointment from among members of the Board. If a vacancy on the Committee exists, the remaining members may exercise all of the Committee’s powers so long as a quorum remains in office.

**III. MEETINGS**

The Chair of the Board or the Committee Chair may call meetings of the Committee at any time. Any director may ask the Committee Chair to call a Committee meeting. The Committee shall meet as required.

A quorum at any meeting of the Committee shall be two members.

The Committee Chair shall develop the agenda for Committee meetings.

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

The Committee will meet in camera, as necessary.

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

**IV. RESPONSIBILITIES**

The following are the duties and responsibilities of the Committee:

(i) *Governance*

- a. monitor on a continuous basis, corporate governance developments and best practices and the effectiveness of the Company's and PERH's corporate governance processes, guidelines and disclosure;
- b. make recommendations to the Boards, on an ongoing basis, concerning corporate governance in general;
- c. periodically review and assess the optimum board size, composition, and membership and make recommendations to the Boards;
- d. develop and recommend to the Boards the process and tools for assessing the performance and effectiveness of the Boards, their committees, the Chair of the Board and the contribution of individual directors and perform assessments of the Boards, their committees and individual directors;
- e. participate in periodic performance evaluations of the Committee and its members conducted by the Board or a committee thereof;
- f. assess the Boards' relationship with the officers of the Company, PERH and the Manager;
- g. recommend to the Boards corporate policies, including those addressing ethics, compliance, communication and disclosure and periodically review such policies;
- h. review the Boards' and their committees' charters periodically and recommend any changes;
- i. satisfy itself that there is a satisfactory orientation program for new directors (or the equivalent) with respect to the business of the Company and PERH and the Boards' responsibilities;
- j. approve expenses relating to continuing education for directors;
- k. review and approve related party transactions and potential conflict of interest situations that are not otherwise dealt with pursuant to securities law rules;
- l. study and recommend the implementation of structures and procedures to ensure that the Board can function independently of management of the Company and PERH without conflicts of interest, including scheduling, at regular intervals, meetings of the Board without management of the Company and PERH present;
- m. review, and present any modifications to the Board for approval as applicable, the Company's policies addressing the timely disclosure of information material to the Company, the confidentiality of undisclosed information that is material to the Company and the prohibitions against trading in securities of the Company and other issuers while in possession of undisclosed information material to the Company or other such issuers;

(ii) *Compensation*

- a. annually review the Company's remuneration and compensation policies, including short and long-term incentive compensation plans, equity-based plans, bonus plans, stock options plans and benefit plans;
- b. administer and approve any amendments to the Company's stock option plan and other incentive compensation plans and equity-based plans and approve all awards under those plans;
- c. review any perquisites granted to officers of the Company and PERH;
- d. periodically review and recommend any changes to the compensation of the directors of the Company, the managers of PERH and their committee members;
- e. review and approve corporate goals and objectives relevant to the compensation of the President and Chief Executive Officer of the Company and PERH (the "CEO"), evaluate the CEO's performance in light of those corporate goals and objectives, and make recommendations to the Board with respect to the CEO's compensation based on such evaluation and such other factors as the Committee deems relevant, which may include the Company's performance and relative shareholder return, the competitive marketplace for persons with similar skills and attributes, the compensation paid to the CEO in prior years, and the Committee's assessment of the CEO's current and expected contribution to the Company's success;
- f. review and approve corporate goals and objectives relevant to the compensation of senior management, review the CEO's evaluation of the performance of senior management in light of those goals and objectives and determine and approve, based on the CEO's recommendation, the compensation (annual salary, bonus and other compensation) of members of senior management. For the purposes of this paragraph, senior management includes "Dedicated Employees" as defined under the management agreement between the Manager, the Company and PERH;
- g. review and approve employment, severance and change of control agreements for senior management of the Company and PERH;
- h. review compensation disclosure before it is publicly disclosed;

(iii) *Human Resources*

- a. review and recommend policies and principles for the selection and retention of senior management;
- b. develop and periodically review the position description for the CEO;
- c. recommend policies and principles for performance reviews of the officers of the Company and PERH and review and monitor the practices used to evaluate those officers;

(iv) *Nomination*

- a. establish qualitative standards for directors relating to, among other things, the competencies, skills and personal qualities that should be sought in candidates for membership on the Board;
- b. identify candidates for membership on the Board;
- c. identify directors qualified to fill vacancies on committees of the Board and recommend that the Board appoint the identified director(s) to the respective committee;
- d. develop and monitor a succession plan for the CEO and senior management and make recommendations to the Board as necessary regarding the appointment of the CEO and senior management;

(v) *General*

- a. report its activities to the Boards on a regular basis and make such recommendations to the Boards as the Committee deems necessary or appropriate;
- b. carry out other duties delegated to the Committee by the Board.

V. RESOURCES AND AUTHORITY

The Committee has the authority to retain, at the expense of the Company, counsel or other experts, as it deems appropriate, without seeking approval of the Board.