



**TERMS OF REFERENCE  
GOVERNANCE COMMITTEE**

**A&W REVENUE ROYALTIES INCOME FUND  
(the "Fund")**

**A. PURPOSE**

The purpose of the Governance Committee (the "Committee") is to:

1. monitor the governance of the board of trustees (the "Board") of the Fund and to develop methods of enhancing performance, to assess and make recommendations regarding Board effectiveness, and to establish a process for identifying, recruiting and recommending candidates for membership on the Board; and
2. develop and monitor the Fund's approach to corporate governance issues of the Fund and the Fund's approach to compliance with applicable laws, regulations, rules and policies with respect to corporate governance issues and implement and administer the system to ensure good corporate governance practices.

**B. COMPOSITION AND TERMS OF OFFICE**

1. Following each annual meeting of unitholders of the Fund, the Board will appoint members of the Board to the Committee and the Committee Chair.
2. Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member upon ceasing to be a trustee of the Fund. Each member of the Committee will hold office until the close of the next annual meeting of Unitholders of the Fund or until the member resigns or is replaced, whichever occurs first.
3. The Committee will meet at least once per year. Additional meetings may be held as deemed necessary by the Chair of the Committee or as requested by any member of the Committee.
4. If all members consent, and proper notice has been given or waived, a member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
5. A quorum for the transaction of business at all meetings of the Committee will be a majority of the members of the Committee. Questions arising at any meeting will be determined by a majority of votes of the members of the Committee present.
6. The Committee may invite such directors, officers, employees and advisers of the Fund, A&W Trade Marks Inc. ("TMI") or A&W Food Services of Canada Inc. ("Food Services") as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee, but without voting rights.

7. The Committee will keep regular minutes of proceedings and will cause them to be recorded in books kept for that purpose, and will report the same to the Board at such times as the Board may, from time to time, require.
8. The Secretary of the Fund will also act as Secretary of the Committee unless the Committee approves the appointment of another individual to act as its Secretary. The Secretary will be responsible for taking minutes at Committee meetings.

### **C. THE CHAIR OF THE COMMITTEE**

The Chair of the Committee will:

1. call and conduct the meetings of the Committee;
2. prepare and forward to members of the Committee the agenda for each meeting of the Committee and include any items proposed for inclusion in the agenda by any member of the Committee;
3. facilitate the Committee's interaction with management of Food Services, TMI and other committees of the Board; and
4. ensure that the Committee meetings are conducted in an efficient, effective and focused manner.

### **D. DUTIES AND RESPONSIBILITIES**

The Committee will:

1. Develop as required a plan for the composition of the Board that takes into consideration the current strengths, diversity, skills and experience on the Board, retirement dates and the strategic direction of the Fund.
2. In consultation with the Chair of the Board and the Chief Executive Officer of the Fund (the "CEO") recommend to the Board nominees for election and re-election as members of the Board, considering the following:
  - (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
  - (b) the competencies and skills that the Board considers each existing director to possess;
  - (c) the competencies and skills each new nominee will bring to the Board;
  - (d) the diversity of the Board;
  - (e) the time and energy of the proposed nominee to devote to the tasks; and
  - (f) the understanding of the proposed nominee of the nature of the business and operations of the Fund and Food Services.
3. Review, monitor and make recommendations regarding new trustee orientation and the ongoing development of existing Board members.
4. Develop and monitor the Fund's overall approach to corporate governance issues and, subject to approval by the Board, implement and administer the system.

5. Advise the Board or any of the committees of the Board of any corporate governance issues which the Committee determines ought to be considered by the Board or any such committees.
6. Review with the Board, at least annually, the terms of reference for the Board and each of the committees of the Board, the Chair of the Board and the CEO.
7. Review with the Board, at intervals determined appropriate by the Committee, the methods and processes by which the Board fulfils its duties and responsibilities, including without limitation:
  - (a) the size of the Board;
  - (b) the number and content of meetings;
  - (c) the annual schedule of issues to be presented to the Board at its meetings or those of its committees;
  - (d) material which is to be provided to the trustees generally and with respect to meetings of the Board or its committees;
  - (e) resources available to the trustees; and
  - (f) the communication process between the Board and management.
8. Enable a committee or an individual trustee to engage separate independent counsel and/or advisors at the expense of the Fund in appropriate circumstances.
9. Make recommendations to the Board regarding changes or revisions to the manual for members of the Board, if any.
10. Consider, and if determined to be appropriate or necessary having regard to the size and tenure of the Board, establish and administer a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole, committees of the Board and trustees individually.
11. As needed, review the compensation plan for members of the Board and make recommendations to the Board regarding the compensation plan and underlying compensation philosophy.
12. When/if the Chair of the Board and the CEO are combined, function as a forum for concerns of individual trustees about matters that are not readily or easily discussed at full Board meetings.
13. Prepare recommendations for the Board regarding any reports required or recommended on corporate governance.
14. Consider, and if determined to be appropriate or necessary having regard to the size and tenure of the Board, establish policies regarding diversity (including by gender) of Board members and term limits for members of the Board.
15. Consider any conflict of interest arising between the Fund and Food Services and recommend to the Board how such conflict will be resolved prior to such matter being addressed by the Board.
16. Annually review the performance of TMI as Administrator of the Fund and Food Services as supplier of administrative services.

17. For so long as the Governance Committee is composed of all trustees of the Fund, the trustees delegate authority to approve all matters referred to herein as being subject to approval by the trustees to the Governance Committee.
18. Have such other powers and duties as delegated to it by the Board.

**E. ACCOUNTABILITY**

1. The Committee will report to the Board at its next regular meeting all such action it has taken since the previous report.
2. The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external advisors, the CEO or Chief Financial Officer of the Fund, senior management of Food Services, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee.

**F. FORWARD AGENDA**

Attached to these Terms of Reference is the Forward Agenda for the Committee, which may be adjusted by the Committee members from time to time as the Committee members determine is necessary.

### Governance Committee Forward Agenda

<b>Action or Agenda Item</b>	<b>February</b>	<b>May</b>	<b>July</b>	<b>October</b>
Recommend nominees for election as trustees	X			
Review and make recommendations regarding new trustee orientation and ongoing development of Board members				X
Review and recommend changes to Board compensation (as needed)		X		
Review terms of reference for the Board and its committees, the Chair of the Board and the CEO of the Fund				X
Review methods and processes by which the Board fulfils its duties and responsibilities (as needed)				X
Review CEO and CFO performance				X
Consider if necessary to establish process to review effectiveness of Board, Committees and trustees individually				X
Review Board composition				X
Prepare recommendations regarding any reports required or recommended on corporate governance				X
Consider if necessary to establish policies regarding diversity or term limits for Board members				X
Review performance of TMI and Food Services as providers of administrative services				X