

Compensation and Corporate Governance Committee – Terms of Reference

Role of the Compensation and Corporate Governance Committee

The role of the Compensation and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Richards Packaging Holdings Inc. (“Holdings”) is to assist the Board in fulfilling their oversight responsibilities in relation to the corporate governance practices and policies of Holdings, Richards Packaging Inc. and Richards Packaging, Inc. (collectively “Richards Packaging”) as well as with regard to the human resource and compensation matters of Richards Packaging.

Duties and Responsibilities

In carrying out its role, the Committee has the following duties and responsibilities:

Corporate Governance Matters

- Consider the corporate governance practices of Richards Packaging, monitor developments in corporate governance issues and make recommendations to the Board that the Committee considers advisable to satisfy itself that Richards Packaging follows appropriate and proper corporate governance practices.
- Assess the functioning and effectiveness of the Board and its individual members on a regular basis.
- Assess, from time to time, the need for, and the performance and suitability of, the committees of the Board and their individual members, and make recommendations with respect thereto (including matters such as the appointment, removal or replacement of committee members and committee chairs) to the Board.
- Develop position descriptions for the Board and the Chief Executive Officer, including the definition of limits to management’s responsibilities, and provide to the Board for its approval the corporate objectives which the Chief Executive Officer is responsible for meeting and assess his performance against these objectives.
- Assist the Board in connection with issues relating to succession planning, including appointing, training and monitoring the development and performance of the senior officers of Richards Packaging.

- Review and recommend to the Board policies on disclosure, confidentiality and trading in securities of Richards Packaging Income Fund (the “Fund”).
- Assess the effectiveness of the working relationships and communications between the Board and management of Richards Packaging and satisfy itself that any issues relating to governance which are identified by the Board are raised with management.
- Review Board structures and procedures to be satisfied that the Board functions independently from management.
- Assess the availability, relevance and timeliness of information required by the Board.
- Retain or appoint, at Richards Packaging’s expense, any expert or advisor that the Committee deems necessary to fully perform its duties.

Board Nomination and Function Issues

- Review, from time to time, the size and composition of the Board with a view to being satisfied that the Board has an appropriate mix of experience and skills as well as capacity to effectively discharge its duties and responsibilities.
- Develop and maintain appropriate criteria for potential candidates for the Board.
- Recommend to the Board the addition or replacement of one or more directors as may be considered necessary or appropriate from time to time, taking into account the capacity, expertise and skills of the Board, and to recommend suitable candidates for nomination for election or appointment as directors.
- Develop and maintain plans for the orderly succession of directors to keep the Board appropriately balanced in terms of skill and experience.
- Review, from time to time, the retirement age for directors.
- Be satisfied that each Board member has advised the Committee with respect to any other boards of directors on which the members of the Board may serve from time to time, and consider whether such situations may constitute conflicts of interest.
- Review and be satisfied that the Board has an effective orientation and/education program for new directors.
- Be satisfied that all prospective directors fully understand the duties, responsibilities and roles of the Board and its committees, and the contributions

that individual directors are expected to make, including, in particular, the commitment of time and energy that Richards Packaging expects of its directors.

- Encourage all directors to continuously update their skills (with particular attention given to ensuring a full understanding of fiduciary duties and obligations) and to improve their knowledge of Richards Packaging, the Fund and its businesses (with attention given to meeting and maintaining relationships with senior officers).

Compensation Matters

- Review salary scale and overall compensation for the Chief Executive Officer, taking into account applicable performance objectives and satisfying itself that such compensation is linked to meaningful and measurable performance targets.
- Conduct annual reviews of the salaries and overall compensation for senior officers to satisfy itself that such compensation is in accordance with the business plans of Richards Packaging and with generally accepted compensation levels for comparable businesses.
- Conduct periodic reviews of the incentive plans of Richards Packaging which may be in place from time to time, and submit recommendations with respect to any amendments to, or any proposed awards under, such plans to the Board for its consideration and decision.
- Conduct periodic reviews of the amount and form of directors' fees for Board and committee service in relation to time commitment, responsibilities and risks and current norms, and recommend any adjustments thereto to the Board for its consideration and decision.

Other Matters

- Review director and officer liability insurance and provide a report to the Board.
- Review related party transactions to ensure they reflect market practice and are in the best interests of Richards Packaging.
- The Committee may, at the request of the Board or on its own initiative, investigate such other matters as it considers necessary or appropriate in the circumstances, including, without limitation, matters relating to corporate governance and compensation.

Composition and Procedures

Size

The Committee will consist of a minimum of three directors. The members of the Committee are appointed or removed by the Board of Directors.

Qualifications

The majority of the Committee members shall satisfy the independence requirements of applicable securities laws, rules or guidelines, and applicable stock exchange requirements or guidelines and any other applicable regulatory rules. In particular, the majority of the Committee members shall have no direct or indirect material relationship with the Fund which could reasonably be expected to interfere with the member's independent judgment, other than interests and relationships arising from the holdings of units of the Fund.

Meetings

The Committee will meet at such times during the each year as it deems appropriate.

Evaluation

The Committee shall review the adequacy of these Terms of Reference annually or otherwise as it deems appropriate (so long as such review is conducted at least on an annual basis) and propose recommended changes to the Board. Such review shall include the evaluation of the performance of the Committee against criteria defined in the Committee role.