

K-BRO LINEN INC.

CHARTER OF THE COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
(the "Charter")

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1. **General**

A. Purpose

The Compensation, Nominating and Corporate Governance Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of K-Bro Linen Inc. (the "**Corporation**"). The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) and the Committee is charged with reviewing, overseeing and evaluating the compensation, governance and nominating policies of the Corporation. In addition, it is expected that the Committee will be responsible for:

(i) assessing the effectiveness of the Board, each of its committees and individual directors (collectively, the "**Directors**" and each, a "**Director**");

(ii) overseeing the recruitment and selection of candidates as Directors of the Corporation;

(iii) organizing an orientation and education program for new Directors;

(iv) considering and approving proposals by the Directors to engage outside advisers on behalf of the Board as a whole or on behalf of the independent Directors;

(v) reviewing and making recommendations to the Board concerning any change in the number of Directors comprising the Board;

(vi) considering questions of management succession;

(vii) administering any long term incentive plan of the Corporation, and any other compensation incentive programs;

(viii) assessing the performance of management of the Corporation;

(ix) reviewing and approving the compensation paid by the Corporation to the officers of the Corporation; and

(x) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to Directors and officers of the Corporation.

2. **Composition**

The Committee shall be comprised of three members of the Board, all of whom will be "independent" within the meaning of National Policy 58-201 – *Corporate Governance Guidelines*.

3. **Reports**

The Committee shall:

(a) report to the Board on a regular basis and before any public disclosure by the Corporation on compensation and governance matters;

(b) prepare and approve any reports on executive compensation, prior to their public disclosure, as required by applicable legislation and regulation and/or pursuant to the Corporation's undertaking to provide necessary information to comply with its disclosure obligations;

(c) prepare a report on the Corporation's system of corporate governance practices for inclusion in the annual report or other public disclosure documents of the Corporation, including a report disclosing the extent (if any) to which the Corporation does not comply with applicable corporate governance guidelines or other relevant corporate governance guidelines; and

(d) report to the Corporation annually with an assessment of the Board's performance, and the Chair shall also discuss the report with all members of the Board.

4. **Responsibilities**

A. Engagement/Compensation of Senior Executives

The Committee shall:

(a) Make recommendations concerning the hiring and termination of senior executives.

(b) From time to time, as appropriate, review with the Chairman of the Board and Chief Executive Officer the long term goals and objectives of the Corporation in relation to compensation.

(c) At least annually, review and approve the position description of the Chief Executive Officer and the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and recommend to the Board the Chief Executive Officer's compensation levels based on that evaluation. In determining the Chief Executive Officer's compensation, including long term incentive components, the Committee shall consider the Corporation's performance and relative investor return, the value of similar incentive awards to chief executive officers at comparable entities, the achievement of individual objectives as well as objectives of the Corporation and the awards given to the Chief Executive Officer in past years.

(d) At least annually, review and make recommendations to the Board with respect to the compensation of the Chief Executive Officer and all senior officers of the Corporation who report directly to the Chief Executive Officer, including incentive compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, change of control arrangements or provisions and any special or supplemental benefits. In reviewing and making recommendations to the Board, the Committee shall ensure that a process is in place to maintain a compensation program for the senior executives of the Corporation at a fair and competitive level, consistent with the best interests of the Corporation.

(e) Review and make recommendations to the Board with respect to the compensation of Directors, including incentive compensation plans.

(f) Make recommendations to the Board with respect to incentive compensation and equity-based plans.

(g) From time to time, as appropriate, review key human resources policies and programs in place and under development related to manpower planning, management development, succession planning, career path planning and performance evaluation and their consistency with the strategy of the Corporation.

(h) From time to time, review the Corporation's policies on salary administration, recruitment, job evaluation, pay and employment equity, basic incentive and total cash compensation, retirement benefits and long-term incentives, and recommend changes to the Board if appropriate.

(i) Review management's policies and practices for ensuring that the Corporation complies with legal prohibitions, disclosure and other requirements on making or arranging for personal loans and amending or extending any such loans or arrangements.

(j) Select, engage and compensate any outside compensation, nomination or other consultant the Committee determines to be necessary to permit it to carry out its duties.

B. Board Member Candidates

The Committee shall:

(a) Review annually the competencies, skills and personal qualities required of Board members, as a whole, in light of relevant factors, including:

(i) the objective of adding value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies;

(ii) the need to ensure, to the greatest extent possible, that a majority of the Board is comprised of individuals who meet the independence requirements of the applicable regulatory, stock exchange and securities law requirements or other guidelines; and

(iii) the policies of the Board with respect to Board member tenure, retirement and succession and Board member commitments.

(b) Establish and oversee appropriate orientation and education programs for new Board members in order to familiarize them with the Corporation and its business (including the Corporation's reporting and corporate structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors).

(c) The Committee shall recommend to the Board continuing education activities or programs for Directors, from time to time as appropriate, that shall, among other things, assist Directors to maintain or enhance their skills and abilities as directors, and assist Directors in ensuring that their knowledge and understanding of the Corporation's business remains current.

(d) Seek individuals qualified (in context of the needs of the Corporation and any formal criteria established by the Board) to become members of the Board for recommendation to the Board, including whether prospective nominees are able to devote sufficient time and resources to their duties as Board members.

(e) Review and recommend to the Board the membership and allocation of Board members to the various committees of the Board.

(f) Establish procedures for the receipt of comments from all Board members to be included in an annual assessment of the Board's performance, including individual contributions.

(g) At least annually, review and, if necessary, make recommendations to the Board with respect to the compensation of Board members, the Chairman of the Board, and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.

(h) Appoint and, if appropriate, terminate any search firm to be used to identify Board candidates and any compensation or other consultant to be used to assist in the evaluation of Board compensation and to approve any search firm's and compensation consultant's fees and other retention terms.

C. Corporate Governance and Compliance

The Committee shall:

(a) make recommendations concerning the oversight of senior management of the Corporation.

(b) review from time to time the size of the Board and the number of Board members who are independent for the purpose of applicable regulatory, stock exchange and securities law requirements or guidelines, and Corporation policies regarding Board member independence.

(c) from time to time as appropriate, review the adequacy of the corporate governance practices of the Corporation and recommend any proposed changes to the Board for approval.

(d) from time to time as appropriate, review the practices of the Board (including separate meetings of independent Board members) to identify improvements in corporate governance practices.

(e) from time to time as appropriate, review the powers, mandates and performance, and the membership of the various committees of the Board and, if appropriate, make recommendations to the Board.

(f) from time to time as appropriate, review the relationship between senior management and the Board and, if appropriate, make recommendations to the Board with a view to ensuring that the Board is able to function independently of management.

(g) periodically review with the Board the succession plans relating to the position of the Chief Executive Officer and other senior positions and make recommendations to the Board with respect to the selections of individuals to occupy these positions.

5. **Meetings**

The Committee shall meet at least semi-annually and more frequently as circumstances require. All members of the Committee should strive to be at all meetings. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine. The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee. The Committee shall meet separately, periodically, with management and may request any officer or employee of the Corporation or any of its direct or indirect subsidiaries or outside counsel to attend meetings of the Committee or with any members of, or advisors to, the Committee. The Chief Executive Officer may be present at meetings of the Committee to provide input on executive compensation other than his or her own. The Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so.

The Committee shall determine any desired agenda items.

6. Independent Advice

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the Corporation, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

7. Annual Evaluation

At least annually, the Committee shall, in a manner it determines to be appropriate:

(a) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.

(b) Review and assess the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee believes to be appropriate.